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PART I.

CORRESPONDENCE

RESPECTING THE

AFFAIRS OF TURKEY.

[In continuation of "Asiatic Turkey and Arabia" Volume, Part XII.]

January to March 1914.

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CONFIDENTIAL.

Correspondence respecting the Affairs of Turkey.

Part I.

[In continuation of "Asiatic Turkey and Arabia" Volume, Part XII.]

[83]

No. 1.

India Office to Foreign Office.—(Received January 1, 1914.)

Sir, *India Office, December* 31, 1913.

I AM directed by the Secretary of State for India to forward, for the information of the Secretary of State for Foreign Affairs, copy of a telegram that has been received from the Government of India regarding the conditions on which the subsidies granted to the late Sultan of Muscat should be continued to his successor.

The Marquess of Crewe agrees with the Government of India that one of these should be postponement of the revision of the commercial treaty of 1891.

With regard to the suggestion made by Sir P. Cox in his telegram of the 14th October last, that the Sultan should be asked to agree to the creation (wholly or partially at his expense) of a levy corps, commanded by British or Indian officers, in the event of his failing to come to terms with the tribal chiefs, Lord Crewe proposes to consider it apart from the question of the continuance of the subsidies. He would be glad to know whether Sir E. Grey sees any objection to the proposal, either as regards any possible French opposition or as to principle or expediency.

As regards the suggestion that the Sultan should further be required to undertake not to conclude fresh treaties with foreign Powers without the consent of His Majesty's Government, I am to advert to the last paragraph of Sir R. Ritchie's letter of the 19th July, 1911, and to say that Lord Crewe trusts that, in view of the improved relations now happily existing with the French Government in connection with Muscat, Sir E. Grey will see his way to open the question with them. The term "foreign Powers" should presumably be understood to mean Powers other than France and Great Britain. The increased interest shown by Germany in the Persian Gulf seems to make such an agreement with the Sultan even more desirable than it was two years ago, and his Lordship would prefer to make it one of the conditions of the renewed subsidies; but if difficulty and delay on the part of the French Government are to be anticipated, he realises that this may be impracticable.

The Government of India do not refer to the question, which has often been discussed, of requiring the Sultan to place his customs under the management of a British or Indian official, and Lord Crewe is disposed to think that the moment is not opportune to raise it.

I am, &c.
T. W. HOLDERNESS.

Enclosure in No. 1.

Government of India to the Marquess of Crewe.

(Telegraphic.) P. *December* 23, 1913.

MUSCAT succession.

Please refer to your telegram dated the 1st ultimo.

It is suggested by political agent that Taimur should be asked to agree that the commercial treaty of 1891 (please see in this connection my telegram of the 17th November, 1911) should be extended in its present form for five years more, or such shorter period as may be desired by us, as a condition of our continuing his subsidy. It is not expected that there would be any difficulty in securing this, and I propose to give Knox authority to carry out suggestion. He also suggests that in case the negotiations with the rebels are unsuccessful (please refer to Cox's telegram of the 14th October enclosed in letter of the 16th idem from Foreign Secretary), Sultan should be asked to agree to the principle of establishing, as has been proposed, a levy corps at Muscat, half the cost to be paid by Sultan and remainder by us over and above his subsidy. As the Sultan is in urgent need of financial help, both Political Agent and Acting Resident wish that the payment of subsidy should not be deferred on the score of the levy corps negotiations, which may be troublesome and prolonged. I agree that question of levy corps should be matter for separate consideration.

Lorimer suggests also that Sultan should be asked to pledge himself to conclude no fresh treaties with other Powers; my telegram of the 10th July, 1911, recommended this as desirable. Pledge is one which it is very desirable to secure if possible, but if it is a question which would cause much delay, we do not desire to press it at present.

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[109] No. 2.

Sir E. Goschen to Sir Edward Grey.—(Received January 1.)

(No. 1.)

(Telegraphic.) *Berlin, January* 1, 1914.

YOUR telegram No. 440 of 31st December.

Last paragraph acted upon. Secretary of State for Foreign Affairs is very pleased that you will recommend patience, because if, as he hopes, an amicable settlement is to be reached it must take some little time, and if Russia presses too much it will make things more difficult. He seems to think that settlement can be reached somewhat in the following manner: General von Sanders' present position is below his proper rank, and he will probably only hold that position while he is studying the faults of organisation which it will be his duty to rectify. When this is done, he will be promoted, and will relinquish his command of the 1st Army Corps, and will hold post of general supervisor like General von der Goltz.

After repeating his former statements as to Bosphorus and Dardanelles, and their forts, he said the 1st Army Corps consisted of two divisions, one at Constantinople, and the other at Ismid. Former would be under the command of Turkish officers, and the latter under that of German officers, while, of course, General von Sanders himself would be at Constantinople.

It was one of the chief objections of Russian Government that in case of a revolution the town would be practically in the hands of the German general. This was absolutely out of the question, for German officers in such a case would at once, in accordance with their positive instructions not to interfere in internal politics, retire into the background, leaving the duty of restoring order to Turkish officers and troops who were specially quartered at Constantinople for that purpose.

[58730] No. 3.

Foreign Office to India Office.

Sir, *Foreign Office, January* 1, 1914.

I AM directed by Secretary Sir Edward Grey to inform you that he caused to be referred to the Lords Commissioners of His Majesty's Treasury the request contained

in your letter of the 18th ultimo, that they will approve the arrangement indicated in Sir G. Murray's letter of the 7th May, 1909, relative to the grant of a short loan to the Sheikh of Koweit.

I am to state that a letter has now been received from that Department conveying their Lordships' agreement to the application to the new loan of the conditions indicated in the letter in question and in that of the 8th April of the same year.

I am, &c.

E. A. CROWE.

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[132] No. 4.

Sir F. Bertie to Sir Edward Grey.—(Received January 2.)

(No. 2. Confidential.)

Sir, *Paris, January* 1, 1914.

I HAD the honour on the 28th ultimo to receive your instructions No. 769 of the 24th ultimo, relative to the desire of Russia to be represented on the Council of Administration of the Ottoman Public Debt, and a communication from the German Embassy giving the views of the German Government on the subject.

I spoke to the Minister for Foreign Affairs yesterday on the questions raised in the memorandum communicated to you by the German Chargé d'Affaires, and I gave to his Excellency for him to read a summary in French, of which I transmit herewith a copy of that memorandum.* M. Doumergue stated that the French Government would have the strongest objections to the presence of a second German representative on the Council, and to a German delegate acting as president every third year, and also to the suggestion made by the Porte that the Council should be presided over by the Turkish Minister of Finance.

In M. Doumergue's opinion every effort should be made to prevail on the Russian Government to withdraw their claim to be represented on the Council.

I suggested to his Excellency that the financial requirements of the Russian Government gave an opportunity to the French Government of prevailing on them in the sense which he had suggested. M. Doumergue said that he intended to suggest very strongly in the course of the loan negotiations with the Russian Government that the claim should be withdrawn.

I have, &c.

FRANCIS BERTIE.

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[342] No. 5.

Sir L. Mallet to Sir Edward Grey.—(Received January 4.)

(No. 7. Confidential.)

(Telegraphic.) *Constantinople, January* 4, 1914.

MY telegram No. 646 of 31st December.

I saw Minister of the Interior this morning about other matters, and asked him, on leaving, if the rumour was true that they were negotiating for battleship building in England for Chile. He said that it was not true. They would buy another if they had the money, but they had not. I expressed doubt as to the wisdom of purchase of "Rio de Janeiro." He replied that purchase was not made in a bellicose spirit, but would help Europe and Venizelos. They did not want war, but must have Mitylene and Chios.

Limpus says that Turks can man and fight two Dreadnoughts, that the crew which has been training for the "Rechadie" will be transferred to the "Rio de Janeiro," and that by September another crew will be ready. There are, moreover, captains who are capable of fighting those ships. He considers acquisition is a great asset to Turkey.

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* Not printed.

[355] No. 6.

Sir L. Mallet to Sir Edward Grey.—(Received January 5, 1914.)

(No. 1038.)

Sir, *Constantinople, December* 26, 1913.

WITH reference to my despatch No. 995 of the 8th instant, I have the honour to report that Mr. Morgenthau, the newly-arrived American Ambassador, called upon me to-day and informed me that he had been approached with a view to obtaining financial assistance for Turkey in the United States of America. He was impressed by the straits to which Turkey had been reduced, by the apparently sincere desire for the reform of the administration, and of the difficulty of making any progress in the matter of reform without money.

If his Government were not opposed to the idea, he was convinced that money could be found for Turkey in the United States, but he had not committed himself, and was consulting the Secretary of State as to the reply which he should return to the application.

He conceived that Great Britain shared the desire of the United States Government for the maintenance of Ottoman independence and integrity, and he said that if Great Britain and the United States acted together they could give effective financial support to this country.

I replied that His Majesty's Government were, as he surmised, in favour of the principle of Ottoman independence and the regeneration of Turkey through reform; but that it would be difficult to find money for Turkey in England because, for some years past, with the exception of the loan to Russia, the English investor has refrained from investing any money in European countries.

Turkey was not, so far as I was aware, especially singled out for this abstention, but shared in common with other countries the indifference of the British investor.

The danger to be apprehended from lending money to Turkey without guarantee that it would be spent on reform was that it might encourage the Chauvinistic party to embark upon a policy of military adventure.

I had no doubt that the United States Government would do everything in their power to discourage such a policy, which would in the long run be detrimental to the best interests of the country.

I have, &c.
LOUIS MALLET.

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[358] No. 7.

Sir L. Mallet to Sir Edward Grey.—(Received January 5, 1914.)

(No. 1041.)

Sir, *Constantinople, December* 28, 1913.

I ENCLOSE a despatch which has been addressed to me by the military attaché reporting on the distribution and condition of the Turkish troops in Thrace. I especially requested Lieutenant-Colonel Cunliffe-Owen to give his opinion as to the likelihood of the Turkish troops in Thrace being in a position to take the field at short notice, and I would call your attention to his observations on this subject.

Lieutenant-Colonel Cunliffe-Owen has informed me, subsequently, that so far as his present information goes he does not think that the Turkish Government would for the moment be likely to undertake a land campaign against Greece.

I have, &c.
LOUIS MALLET.

Enclosure in No. 7.

Lieutenant-Colonel Cunliffe-Owen to Sir L. Mallet.

(No. 46.)

Sir, *Constantinople December* 26, 1913.

I HAVE the honour to report that last week I was conducted round the barracks of the 3rd division in Constantinople and, subsequently, was officially permitted to proceed to Adrianople and Kirk Kilisse. Whilst taking the opportunity, when at those places, of visiting the scenes of the recent fighting, my main purpose in proceeding thither was

to endeavour to form some definite opinion as to the present condition of the Turkish troops away from the capital, and also to obtain some information as to their location, having regard to the great intermingling which has existed since the war in the matter of the actual composition and grouping of the several army corps and divisions of the army.

The military authorities received me with great attention and consideration, but although I was shown, without any reluctance, round the defences and country in the vicinity of both Adrianople and Kirk Kilisse, there was not the same desire to acquaint me with the present positions of the troops nor to bring me into actual touch with the troops themselves.

At Adrianople, nothing has been effected for some time past in the question of re-fortifying the place; the temporary batteries, thrown up after the re-occupation for the "mantel" (O.P. field) guns, still exist without armament in them, and the heavy guns mounted in the works comprise, I should say, less than 100 pieces in all. There is evidently considered to be no pressing need for work on the fortress for the moment, nor have any steps been taken on the other line, viz., to fortify Kirk Kilisse.

The garrison itself of Adrianople comprises at present some 18,000 men, viz., one nizam division and cavalry brigade, and three regiments of fortress artillery with engineers, etc. It will be recollected that Adrianople was latterly occupied by the IXth Army Corps, consisting of the 27th composite Syrian division, and the two (28th and 29th) divisions of the IXth Erzeroum Corps; the former has, however, now left in order to return to Syria, while the 29th division has been sent to Demotika.

At Kirk Kilisse and Yenije (to the west) were located the 4th and 5th divisions of the IInd Corps, with, I believe, a third division, but this I could not verify. I was told by Hassan Izzet Pasha, the IInd Corps commander, that when the Erzeroum troops returned to their proper garrisons, Adrianople and Kirk Kilisse would form the area of one corps of the usual three divisions, but I do not imagine that this information was at all definite.

Coming further south, the IIIrd Corps has its head-quarters at Rodosto, with the 7th division at that place, the 8th in and around Chorlu, and the 9th in and around Hairobolu and Baba Eski.

The Ist Corps, Constantinople and Chatalja, remain as already reported, with the IVth Corps at Smyrna, and the Xth (Erzinjan) at Gallippoli and on both sides of the Straits.

As regards the actual state of the Turkish troops, the cadres are fairly well filled to the extent of 500 to 600 men per battalion. These men are of three groups: (a) men completing their ordinary 3 years' nizam service; (b) recruits of this and next year's category; (c) men formerly excused service, and now called up for exercise. The second and third of these groups preponderate so that at present, the battalions are hardly efficient for taking the field. Moreover, owing to the fact that the dislocation of the troops does not correspond with the fixed garrisons of the 1912 organisation, they are much scattered in cantonments and villages, and the officers, with whom I spoke, complained that owing to this cause, it was not possible to give the proper training to even the smaller units of battalions. The staff officers also complained much of the continued ignorance and lethargy of the bulk of the regimental officers. Finally, although a recent consignment of Mauser rifles has been received to replace losses during the war, the troops are still armed with no less than three different patterns of these weapons. Talking to the head of the artillery department in the War Office yesterday, he remarked that the deficiencies in material of war of all kinds were enormous, and that it was necessarily impossible to do anything satisfactory in the way of making these good without money in hand.

It is not altogether my province to speculate on the political possibilities of a re-opening of hostilities on the part of the Turks, with a view to arrangement with Bulgaria by which pressure could be exercised in Grecian Macedonia for the settlement of the island question in a manner more acceptable to the Ottoman Government than at present seems likely. But from what has been said it will have appeared that the army now existing in Thrace is little prepared for a fresh campaign at the moment, while the total number of troops there are rather being diminished than added to. The general idea prevalent also appeared to give little thought to such an enterprise, although I certainly gathered that military feeling would not regard the settlement of the island difficulty on its proposed basis as in any sense lasting.

In respect to the new German mission there seemed to be no particular enthusiasm.

During my stay at Adrianople, I was made acquainted with some most interesting

details of the incidents of the siege, which I will communicate in due course to the War Office.

I shall hope later to visit Rodosto, as also the Asiatic side if facilities permit.

I have, &c.

F. CUNLIFFE-OWEN,
Military Attaché.

P.S.—Since writing the above, I was informed by the general staff at the War Office yesterday that it was proposed to take the former advanced line as the new main line of defence at Adrianople. As this would, however, increase the total perimeter very greatly, the whole scheme required careful consideration before a final decision was taken.

F. C.-O.

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[359] No. 8.

Sir L. Mallet to Sir Edward Grey.—(Received January 5, 1914.)

(No. 1042.)

Sir, *Constantinople, December 29, 1913.*

I ENCLOSE a despatch which has been addressed to me by the military attaché regarding the distribution of the German officers in the Turkish service.

The confidential negotiations which have been proceeding between the Russian and German Embassies did not, I understand, comprise any proposal for transferring General Liman von Sanders to Adrianople. He would remain in this capital in the capacity of inspector or adviser with a certain number of troops under his orders for purposes of training and practice.

It was suggested, I believe, that another German officer should be appointed to the command of the Adrianople Army Corps.

The information supplied to you by the German Ambassador in London (see your despatch No. 366 of the 15th December to Sir E. Goschen) as to the number of officers accompanying General Liman von Sanders does not appear to have been quite accurate, as Colonel Cunliffe Owen mentions the names of ten German officers who came with the general, and it is believed that more are expected later on.

I have, &c.

LOUIS MALLET.

Enclosure in No. 8.

Lieutenant-Colonel Cunliffe-Owen to Sir L. Mallet.

(No. 47.)

Sir, *Constantinople, December 26, 1913.*

IN continuation of Lieutenant-Colonel Tyrrell's despatch No. 41 of the 2nd December, I beg to report the following regarding the distribution of the German officers in the Turkish service:—

Officers formerly Serving—

Major Weidtmann, to the officers' school at Aleppo; Colonel Back, military school at Pancaldi; Major Lehmann, to proceed next month to Damascus, probably as artillery commander; Colonel Matthiess, has been in command of the 28th Erzeroum Division (now at Adrianople) since the war.

Where the contracts of these officers are expiring, they are being renewed yearly.

Officers of New Mission—

I was informed yesterday at the War Office that General Liman von Sanders had already assumed command of the Ist Army Corps, but I do not imagine that this precludes his future transfer to Adrianople, should this measure be entertained.

Lieutenant-Colonel von Strempel (former military attaché) remains as staff officer for the general and the mission as a whole, the chief staff officer of the Ist Corps being a Turkish officer; Captain Muhlmann is orderly officer to the general; Major-General von Schellendorf is appointed to command the 3rd division at Constantinople; Lieutenant-Colonels von Feldmann and von Thauvenay to the general staff at the War Office to assist Turkish heads of sections; of the remaining officers, one, Buchardi,

is an intendance official, another, "Oberstabsarzt" Maier, is a medical officer; I am not exactly acquainted as yet with the disposal of the remaining three, Major-General Weber, Majors von Konig and Nikolai, but two have, I believe, gone to the Staff College. The ranks given are those held in the Ottoman service.

I have, &c.

F. CUNLIFFE-OWEN, *Military Attaché.*

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[384] No. 9.

Sir E. Goschen to Sir Edward Grey.—(Received January 5, 1914.)

(No. 477.)

Sir, *Berlin, December 30, 1913.*

IN the course of a conversation which I had on the 27th instant with Herr von Jagow, his Excellency alluded to the stir created by the position given to the head of the German military mission to Turkey by the Ottoman Government. The attitude taken by the Russian Government had been a complete surprise to the Imperial Foreign Office. To go back to the beginning, the German Emperor had first mentioned the fact that a military mission was to be sent to Constantinople to the Emperor of Russia on the occasion of His Majesty's visit to Berlin. The Emperor of Russia had considered it a perfectly natural proceeding, and one that harmonised perfectly with the general wish that the Ottoman Government should be assisted in the work of reform and reorganisation in every way possible. As far as the action of the Imperial Government was concerned, they had supplied a successor to General von der Goltz without any particular stipulation as to the position or powers to be given to him. That was a matter which had been decided by the Ottoman Government. In fact, he, Herr von Jagow, when he had heard that General Liman von Sanders had been given the command of the Ist Army Corps, which had previously been commanded by a Turkish colonel, had thought that the position was hardly adequate for an officer of General von Sanders's rank. Continuing, he mentioned, as a proof that the Imperial Government had considered the despatch of the mission as a perfectly natural and straightforward proceeding, that the Chancellor had not thought it worth while to touch upon the question in his conversations with M. Sazonof on the occasion of the recent visit of the latter to Berlin. It was only when M. Kokowzof arrived that it had dawned on them that so much importance was attached to the affair by the Russian Government. He must admit that the attitude of the Russian Government, the strong objections that they had raised, and the violence of the Russian press had given him a most unpleasant surprise. Germany had been doing her best to keep friends with Russia, and as a matter of fact had rendered her great assistance in her dealings with Austria-Hungary during the events of the last two years. He was therefore all the more astonished that the Russian Government should have taken such a strong line in a matter which appeared to the Imperial Government to be perfectly straightforward and devoid of any offence. He could have understood the attitude of the Russian Government better if the command of the Ist Army Corps at Constantinople had given General von Sanders the control of the Bosphorus and Dardanelles and their forts. This, however, was not the case, as they were under the control of a Turkish officer commanding quite a different body of troops.

Herr von Jagow added that he had been given to understand that the reason why the Ottoman Government had fixed upon Constantinople as the headquarters of the military mission was that all the military schools were located there, and that it was absolutely necessary that these should be under the eye of the officer entrusted with the reorganisation of the Turkish army. I told his Excellency that I had heard that there was a good chance of the matter being settled by amicable arrangement. He replied that he had hoped that this would be the case, and that he still hoped so, but that it was not all plain sailing. He foresaw that the Turks would raise difficulties about making any change either with regard to the position they had given to General von Sanders, or to the sphere of his activities; he also foresaw that if the Russian press continued to write violent articles on the subject, it would infallibly increase the difficulties, and render the Turks and others interested in the question less inclined to make concessions to Russian opinion. This observation of Herr von Jagow gave me an opportunity to say a word of praise for the calm attitude and reserve shown by the German press on this subject, and to express the hope that this attitude on its part would be maintained.

His Excellency said that the Imperial Foreign Office had done all in its power to restrain the press from writing on the subject, but if the Russian newspapers persisted in writing so violently, he could not answer for the continued reticence of the German press.

In conclusion, he said that the German Ambassador in Constantinople was doing all in his power to effect an amicable arrangement, but that the difficulties which he had pointed out made the results of his efforts somewhat doubtful. Baron Wangenheim was coming to Berlin in a few days when the opportunity would be taken to go thoroughly into the matter.

I have, &c.
W. E. GOSCHEN.

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[362] No. 10.

Sir L. Mallet to Sir Edward Grey.—(*Received January* 5, 1914.)

(No. 1045.)
Sir, *Constantinople, December* 31, 1913.

WITH reference to my telegram No. 642 of the 29th instant, and to my despatch No. 978 of the 2nd instant, I have the honour to report that the lengthy discussions respecting Armenian reforms are, it is hoped, on the point of a favourable solution.

In reply to my enquiry, the Grand Vizier told me on Monday last that he had just informed the Russian Ambassador that the Government had decided to ask the Powers verbally to recommend them foreign inspectors-general for the Eastern vilayets, instead of advisors, in order to overcome the difficulty which had been found in finding an acceptable means of settling differences of opinion which might arise between an European advisor and an Ottoman inspector-general.

On leaving his Highness, I visited my Russian colleague, who confirmed this information. It had been agreed that afternoon that the Grand Vizier should address himself verbally to the Powers asking them to recommend two inspectors-general for the Armenian vilayets and that, when the recommendation had been made, his Highness should address a note to the foreign representatives stating that the Porte proposed to appoint these officials and giving their attributions.

The attributions will be also agreed upon verbally before the note is written. They are now under discussion, and my Russian colleague hopes that the matter will be settled to-morrow.

The note will go on to state that in case the inspectors-general should resign, and in case it should be necessary to change them, the Porte "aura recours au même concours bienveillant des Puissances" for the appointment of others. Some discussion is still proceeding as to the omission of the word "même" which is desired by the Porte on the ground that it does not mean anything, there being no previous written communication on the subject to which it could refer. My Russian colleague attaches importance to the retention of this word, and at his suggestion I visited the Grand Vizier again yesterday and begged his Highness to meet our wishes on this small outstanding point. His Highness was very reasonable, and promised to do what he could to persuade the Council of State to give way.

My Russian colleague is satisfied with the result of his negotiations.

It is doubtful how far two foreign inspectors-general will be able to accomplish much in the way of reforming the vast and scattered provinces over which they will have a nominal control. Much will depend upon the qualities and experience of the candidates selected by the Powers.

The value of the concession lies rather in the satisfaction it will give to the Armenians, who have throughout attached importance to the appointment of inspectors-general, and who will regard their presence in the province as a guarantee of security and better Government. The same satisfaction would not have been felt at the appointment of advisors, the Armenian Patriarch having mentioned to me his disappointment at this proposal.

It is chiefly this aspect of the question which encourages me to think that the concession made by the Porte will have good results.

I have, &c.
LOUIS MALLET.

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[365] No. 11.

Sir L. Mallet to Sir Edward Grey.—(*Received January* 5, 1914.)

(No. 1048. Confidential.)
Sir, *Constantinople, December* 29, 1913.

COLONEL JEMAL BEY, whose appointment as Minister of Public Works I am reporting in a separate despatch, called upon me this morning. He had dined with me on the occasion of an official dinner which I had given to the Grand Vizier, and he had then asked whether he might come and see me to explain his views on matters of importance to England and Turkey.

I was therefore expecting Jemal Bey's visit, and had thought that he was desirous of speaking to me about some question such as the Smyrna-Aidin Railway or matters of that kind. But this was not the real object of his visit, though he touched upon it in connection with the question of Italian claims for concession in the neighbourhood of Adalia.

I need not repeat what I reported (in my telegram No. 643 of to-day) was his attitude on the subject of Italian rail and port concessions in this province.

Italy had, he said, openly spoken of her wish and right to have a sphere of influence in Turkey, and he (Jemal Bey) would never admit such a right. "Zones of work" foreign countries might have, but not of political influence. He could never forget, moreover, that Italy was primarily the author of all Turkey's recent misfortunes.

I said that he was probably aware of the *pro-memoriâ* which I had left with the Grand Vizier on the position of the Smyrna-Aidin Railway, and of my request that the Turkish Government would inform me if any application was made by the Italian Government or any negotiations undertaken.

Colonel Jemal Bey said that he realised what was our position, but did not pursue the subject.

He went on to speak of the position of the islands, and in this connection he said that, rather than give up to Italy one of the islands now in her occupation he would see the Empire destroyed. I said that, by your proposal, all these islands would revert to Turkish sovereignty, and that this seemed to be of great advantage to Turkey and should prove a relief from their embarrassment. He did not reply, but passed to the question of the islands now occupied by Greece. I enquired whether, if the proposal, which it was convenient to call British, but which was in reality a résumé of the views of the Ambassadors' Conferences in London, was adopted, Turkey would in the long run be the loser. In view of the fact that the islands were inhabited by Greeks in vast majority, would they not always be a source of weakness to the Ottoman Government? Jemal Bey replied that he would never consent to the islands lying off the coast passing permanently into Greek hands. These islands were practically part of the mainland; they were inhabited by a peaceful commercial community who would be perfectly contented under Turkish rule. If the Greeks owned them they would become the centre of intrigues with the mainland and be a constant source of dispute. Should the Powers commit the injustice of giving them to Greece, there would never be permanent peace, for Turkey would not rest till she got them back.

Colonel Jemal said that he personally would be ready to give the largest autonomy to all the islands, which might be grouped together, but they must be placed under the sovereignty of the Sultan.

He smilingly added that he would not object to European inspectors-general.

I pointed out that the views held by His Majesty's Government when I was in London were in opposition to a policy of military and naval adventure on the part of Turkey, and that they hoped that the Government would devote themselves to the regeneration of their great Asiatic possessions and to the improvement of the condition of the people and to the development of their economic resources, a task which was more worthy of a statesman than the pursuit of ambitions of conquest, and one which would gain them the sympathy of Europe and especially of Great Britain. Colonel Jemal replied that the security of the country was the first consideration, and he said that Turkey without Adrianople and without the islands was like a room with doors open to robbers and malefactors. I expressed a doubt whether the financial resources of Turkey would stand the strain of keeping up a fleet which I understood it was intended to create in addition to an adequate army, but Colonel Jemal Bey replied that the existence of Turkey depended on her ability to defend herself from attack—this

lesson they had learnt from the war, when everyone was against Turkey. Greece had a fleet stronger than Turkey at present, but this should not last, for the Government were determined to be stronger at sea than Greece. Would not this be a great advantage to Great Britain, for Turkey's fleet would always fight on her side? They would help to maintain the balance of power in the Mediterranean against the growing power of Italy. He was a strong partisan of France and England.

I said that I had heard rumours that they contemplated the purchase of a large capital ship, and I doubted whether the Turkish navy would be able at present to make use of such a vessel. Could they man her, and where was the dock into which she could go for repairs?

I expressed the view that Turkey was attempting too much and was in too great a hurry. Let them proceed slowly, and devote themselves for the present to education and reform of the Administration. When they had worked hard at this for a few years they would find themselves much stronger, and they would have a solid basis on which to build. Might they not arouse the jealousy of one Power in particular by proceeding too quickly in the matter of the fleet? Would it not be more prudent to proceed with caution in the matter?

Jemal at once enquired whether England had not lent them a naval commander and other officers and was not now on the point of lending them more naval experts in order to to help them to create a good fleet. Was not England serious in the matter?

The Turkish Government had deeply felt the refusal of His Majesty's Government to lend them inspectors-general and other officials for the Armenian provinces. I had spoken of reforms, and he could assure me that he was firmly resolved to introduce them, but he wanted our help. I said that I was at the Foreign Office at the time of the Turkish application and had had the advantage of discussing the question with you on more than one occasion. I could therefore explain to him exactly what your reasons were for first consenting to lend officials and afterwards in modifying your assent—for I reminded him that you had not refused, but had only stipulated that pending the settlement of reforms no permanent appointment should be made.

I said that your assent in the first instance was a proof of your sincere desire to help Turkey, and that the subsequent modification of view was due entirely to a desire not to cause Turkey embarrassment from another Power who, perhaps naturally, felt that her interest in the Armenian populations owing to the presence of 2,000,000 Armenians in the Caucasus gave her the right to be consulted in regard to the limitrophe provinces. Colonel Jemal Bey did not admit that it was likely that the Russian Government would really have made any difficulty had His Majesty's Government insisted on maintaining their point of view. In the case of the German Military Mission the Russian Government had made a great outcry, but the question was now settled and the Russians had done nothing but threaten. I did not take this up, for it appeared that Colonel Jemal was unaware of the confidential negotiations now on foot for a retreat on the part of Germany on this very question.

Colonel Jemal went on to say that Turkey could not now yield on the question of the mission. He was not a member of the Government when the decision was taken to give the German Government the command of the 1st Army Corps, and he would not himself have favoured it, because he knew from his own experience that no one man could possibly undertake the executive command of the corps and at the same time devote himself to its reorganisation. Now, however, they could not yield, for that would be admitting the intervention of foreign Powers in their internal concerns.

I advised Colonel Jemal not to be so uncompromising. Sometimes it was necessary in the best interests of one's country to submit to what seemed hard conditions, and sacrifices of *amour-propre* were the least of the sacrifices that statesmen were called upon to make in the interests of their country.

This discussion respecting the mission was in the nature of a digression, and Jemal Bey returned to the question of England and Russia and his regret that England could not have seen her way to insist on the loan of officials.

I thought it was right to put our position quite plainly before Jemal Bey, and I asked him whether he had ever considered the European situation as a whole and the rôle which Great Britain had always played in maintaining the balance of power in Europe. For reasons with which he was familiar Great Britain found herself diplomatically on the side of France and Russia at the present time, and Turkey must always remember that His Majesty's Government had first to consider how far her general interests and relations with France and Russia were affected by questions of the kind that we had just been discussing. His Majesty's Government had sometimes

to make sacrifices in view of larger interests, and they would be very loath to put Turkey into a position from which it would not be possible for Great Britain to extricate them. As Lord Salisbury had said on one occasion, "Great Britain could not send a navy across the Taurus."

Jemal Bey quite recognised this; but did not Russia attach equal importance to England's friendship, which was necessary to her pending the consolidation of her position in the Far East? He pleaded strongly and earnestly with me to ask His Majesty's Government to consider whether it would not be possible to take rather a less negative line with Turkey than they had done in the past two years.

I have tried to give a faithful account of our conversation. It derives importance from the position and character of Jemal Bey.

I do not think my remarks made any impression at all upon his mind, but we are on very friendly terms, and he did not resent my frankness.

I have, &c.
LOUIS MALLET.

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[369] No. 12.

Sir L. Mallet to Sir Edward Grey.—(Received January 5, 1914.)

(No. 1052.)

Sir, *Constantinople, December 31, 1913.*

WITH reference to my telegram No. 646 of to-day on the subject of the rumoured purchase by Turkey of the "Rio de Janeiro," and the departure of Commander Raouf Bey in the same connection, it would appear that a transport has just been docked here, the intention being that she should, as soon as she is fit for the journey, take to France the crews of the torpedo destroyers building there for the account of Turkey; that she should then return and proceed to England with the crew of some 800 men for the "Rio de Janeiro" which is to be ready in May.

It is also reported that the work on the "Réchadieh" is being pushed on with extra despatch so that that ship may be completed in July or August instead of October.

This naval activity and preparations of Turkey would apparently go to explain the comparatively calm attitude at present assumed by the Ottoman Government, and would seem to indicate her determination to rely, if necessary, on her own resources, as in the case of Adrianople, to secure the solution of the islands questions desired by her, irrespective of any decision of Europe in the matter.

Much would, of course, depend on the international situation, and particularly on the attitude of the Roumanian Government, but, should Turkey re-acquire the islands by regaining command of the Ægean, it is not impossible that she might also attack Cavalla and Salonica, if not Crete.

I have, &c.
LOUIS MALLET.

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[370] No. 13.

Sir L. Mallet to Sir Edward Grey.—(Received January 5, 1914.)

(No. 1053.)

Sir, *Constantinople, December 31, 1913.*

MY Russian colleague informs me that his negotiations with the Porte respecting the conditions on which the Russian Government would assent to the increase of the customs are not yet concluded, the outstanding difficulty being the question of Russian representation on the board of the Ottoman Public Debt. The Porte still adhere to the conditions which they originally attached to their consent, namely, that the Ottoman Finance Minister should be permanent president of the board.

My Russian colleague has informed the Porte that his Government have no objection to this, but that the two questions must be treated separately, and not made interdependent. M. de Giers considers the Public Debt Administration will inevitably, in process of time, develop into a form of foreign financial control, and it is partly for this reason that the Russian Government are desirous of having a member upon it.

I am informed that if a Russian member is placed upon the board, the German Government will ask that a representative of the Deutsche Bank be also admitted,

thereby increasing German membership to two. They will also ask for the presidency every third year. Another pretext advanced in support of their pretensions to have two representatives on the board would be that the Imperial Ottoman Bank is represented; but this is not a sound contention. The decree of Moharrem provided for the representation, on the council of the Public Debt Administration, of the holders of the priorities, and the representative was to be nominated by the Ottoman Bank. The delegate on the Public Debt board does not therefore represent the Ottoman Bank, but the holders of these priorities. This representative of the priorities should rightly have disappeared when the conversion of the priorities took place in 1903. The "décret-annexe" of the 1st (14th) September, 1903, as approved by Sir H. Babington Smith, however, provided for the continuation of the bank's right to nominate a delegate of the priority holders. The nominee of the bank on the council was, and is, not the representative of the bank, but simply of the holders of the priorities for whom the bank has been authorised to act.

If any conversion is made in 1914, as was originally intended, then the representative of the priorities who happens to be a nominee of the Ottoman Bank would necessarily disappear.

I have, &c.
LOUIS MALLET.

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[603] No. 14.

Sir G. Buchanan to Sir Edward Grey.—(Received January 5.)

(No. 3.)
(Telegraphic.) *St. Petersburgh, January 5, 1914.*

MINISTER for Foreign Affairs, whom I saw for a few minutes this afternoon, told me that he had failed to induce the German Ambassador to consent to the publication of communiqué respecting course of Russo-German conversation that would tranquillise Russian public opinion, as Ambassador refused to allow mention in it of any assurances having been given by his Government.

Minister for Foreign Affairs said that when first idea had been mooted of transferring the German command to Adrianople, and of leaving General Sanders at Constantinople as nominal general of schools, he had at once expressed to the Ambassador his readiness to accept such a solution provided that the question was not allowed to drag on indefinitely, and he had insisted on the Russian Government receiving at any rate without delay some intimation of German intentions. He had, however, heard nothing since from the Ambassador with regard to the latter request, while, from language held at Berlin, German Government seemed only to contemplate a settlement within the course of the year. To this Russia would never consent. Discussion had already been proceeding six weeks, and Russia could not wait longer than another month, and she would therefore have to consider her future course of action. He was to see the Emperor this afternoon, and would ask His Majesty to authorise the President of the Council, Minister of War, Minister of Marine, and Minister for Foreign Affairs to examine the three points raised by Sir E. Crowe (see your telegram No. 440 of 31st December to Berlin). He personally was in favour of exercising financial pressure at Constantinople, and after statement made by French Minister of Finance he believed that the French would lend their active co-operation. It would be necessary, however, to be prepared with some second course of action should financial pressure fail, and this would have to take the form of a request for compensation. Though his Excellency used the word "compensation," he seemed rather to be contemplating the occupation of Turkish ports or territory.

In the course of conversation his Excellency said that he had heard through the French Ambassador that the German Secretary of State for Foreign Affairs had told British and French Ambassadors at Berlin that the Emperor of Russia, when approached by the Emperor William on the subject last May, had expressed approval of the proposed mission. On the Emperor William speaking of the previous military mission, the Emperor of Russia had said that he could not consider the despatch of German military instructors to Turkey a very friendly act on the Emperor William's part, as the Turkish army might one day be employed against Russia. The Emperor William had then said that he proposed sending another military mission to Turkey, but without saying a word about executive command now attached to it, and the Emperor of Russia had replied that if this was the case he was glad of having had the opportunity of letting the Emperor William know his views on the subject.

Minister for Foreign Affairs added that, according to German Secretary of State, the Emperor William had also spoken to the King about the contemplated mission, and he would much like to know whether this was really the case.

I am to see Minister for Foreign Affairs again to-morrow after his audience with the Emperor.

[58576] No. 15.

Sir Edward Grey to Sir L. Mallet.

(No. 7.)
Sir, *Foreign Office, January 5, 1914.*

I CAUSED your Excellency's despatch No. 962 of the 27th November, relative to the ratification of the protocols regarding the delimitation of the Aden boundary, to be referred to the Secretary of State for India, with a request for his Excellency's observations on the suggestion contained in the last paragraph, and I transmit to you herewith copy of a letter expressing his concurrence in this proposal.*

I should be glad to receive your Excellency's observations on the suggestion contained in the last paragraph of this letter that the Porte should also be pressed formally to recognise that the whole of the south-eastern extremity of Arabia lies beyond their sphere of influence.

The telegram referred to in that paragraph is that of which a copy was forwarded to His Majesty's Embassy in my despatch No. 296 of the 16th September last.

I also enclose, for your Excellency's information, a copy of a memorandum prepared in this Office relative to the status of the inhabitants of Shehr and Mokalla.†

I am, &c.
E. GREY.

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[754] No. 16.

Sir L. Mallet to Sir Edward Grey.—(Received January 6.)

(No. 9.)
(Telegraphic.) *Constantinople, January 6, 1914.*

I CANNOT say what the ultimate effect of Enver Bey's appointment will be. There is, however, no *primâ facie* disadvantage in younger men taking office.

His nomination will not be popular with part of the army, and may tend to perpetuate the two factions, but his name is prominent in Moslem world.

He will be more agreeable to the German Government than Djemal Bey, who is too independent. It is said that the latter may become Minister of Marine, and other younger men are mentioned for other Ministries.

I see no reason to take alarmist view, but, as I have reported, the Turkish Government consider the question of islands a vital one.

The Grand Vizier, who had just seen Italian Ambassador, asked me to tell you that of course if you insisted on alienation of Mitylene and Chios, and if France and England sent their fleets to enforce this compromise, Government would have to yield, but they would yield to force alone. They must have those islands and Dodecarese.

He spoke despondently, and his language was not meant as a threat. I think, apart from sentimental considerations, economic and geographical reasons make Turkish claim reasonable. If war ensued at any future time one of the objects of His Majesty's Government's proposal would be defeated.

As I have reported, men at present in power, so far as my short experience of them goes, are capable and earnestly bent on the regeneration ofaTurkey.

They have great difficulties, both internal and externl, but should they have the political support of the Triple Alliance their position will be strong, because it would seem that in the end France must supply them with money in order to save French investors, who have about 150,000,000*l.* invested in Turkey.

It is premature to set aside possibility of Turkey making some progress, and it is possible that she may become a more important factor in European equilibrium than has seemed likely recently.

Our position here has undoubtedly been much shaken by His Majesty's Government's lead in Adrianople and islands questions, but our moral support is still of some

* See "Asiatic Turkey and Arabia" Volume, Part XII, No. 285. † Not printed.

importance to the Turkish Government in view of respect which is still felt for us amongst the masses. The situation, moreover, changes rapidly in this country. I should not be surprised if pro-English views expressed by Djemal Bey, as reported in my despatch No. 1048 of 29th December, are sincere.

If Djemal Bey went to Ministry of Marine he might possibly make calls on us which might prove embarrassing

I am told, but cannot vouch for truth of the report, that the Porte are seriously considering question of an Italian naval mission if we fail them. The question of command in war is occupying their attention. This possibility, which could not entirely be disregarded, should strengthen our hands if Russia were inclined to criticise our interest in the fleet.

Negotiations are on foot with Italian firm for purchase of six destroyers.

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[760] No. 17.

Sir G. Buchanan to Sir Edward Grey.—(Received January 6.)

(No. 4.)
(Telegraphic.) *St. Petersburgh, January 6, 1914.*

MY immediately preceding telegram of 5th June.

Minister for Foreign Affairs commenced this afternoon by saying that he had again asked the Emperor what had passed between him and the Emperor William, and that His Majesty declared that not one word had been spoken about an effective command, and that there had throughout been only a question of military instructors. His Majesty had spoken to the Emperor William in the terms recorded in my above-mentioned telegram. The Emperor, his Excellency added, showed considerable resentment of what he termed lack of good faith at Berlin.

As a result of the audience, Minister for Foreign Affairs will not propose any fresh action at present. He will wait another week or so in the hope that the German Government will meet Russia's wishes. If there then seems no prospect of this, he will probably suggest that the three Ambassadors at Constantinople should separately, and in as friendly a way as possible, advise the Porte to give way, pointing out that, if this advice is not followed, Turkey will receive no financial assistance of any kind, and will be refused 4 per cent. customs increase. The French, he added, will be the more ready to consent to this financial pressure as they have not sufficient money to meet the calls of Russia and Servia as well as their own loan. He doubted even whether the money promised by a private bank for the purchase of the Brazilian Dreadnought would be forthcoming.

Meanwhile the Committee of four Ministers authorised by the Emperor would meet and elaborate programme of eventual action, to which recourse would only be had in the very last resort. As his Excellency again spoke of such action taking the form of a demand for compensation, I remarked that anything in the nature of occupation of ports or territory, to which he had alluded yesterday, would partake rather of the character of military pressure that would certainly lead to German intervention, and I doubted very much whether His Majesty's Government would associate themselves in such action. His Excellency replied that it was difficult to find compensation for Constantinople, and intimated that if England failed to support Russia after all pacific means had been tried and failed there would be an end to our understanding. On my asking whether, in the event of our being unable to support her, Russia would act alone, Minister for Foreign Affairs replied that he did not like to contemplate such an eventuality, as separate action by Russia would inevitably cause war into which we should be dragged in the end, whereas collective action by the three Powers would accomplish its object without war.

I asked whether it would not be possible for the Emperor, when he saw the German Ambassador on New Year's Day, to make a personal appeal to the Emperor William to accelerate settlement. Minister for Foreign Affairs told me in the strictest confidence that, though the Emperor would not make such an appeal, he would tell the Ambassador how painfully surprised he had been at hearing of the appointment of the German general with effective command without his Government having been previously informed of it, and His Majesty would express his earnest wish for an early and satisfactory solution.

Speaking of the command of the fleet and of the possibility of modifying the status of the British admiral, his Excellency said that the Germans were very much afraid we might recall him. He then alluded to the visit being paid to England by the German Ambassador at Constantinople and warned me that its object was to make a breach in the Anglo-Russian understanding. Speaking next of the Chancellor of the Exchequer's recent interview with a journalist, his Excellency said that the publication of such views by a British Minister at the present moment had not only painfully surprised but seriously alarmed him, as they were calculated to encourage Germany in a course that might have serious consequences.

In conclusion his Excellency said that this question of Constantinople had moved Russian public opinion more than almost anything that had happened during the whole course of the Balkan war.

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[781] No. 18.

Sir L. Mallet to Sir Edward Grey.—(Received January 7.)

(No. 1.)
Sir, *Constantinople, January 3, 1914.*

I TRANSMIT herewith extracts from the Turkish press respecting the purchase of the "Rio de Janeiro" and its relation to the solution of the question of the islands in Greek occupation.*

The newspapers are unanimous in congratulating the Government on the acquisition, and they take the line that the purchase, which is the result of great sacrifices, is not made with any aggressive intention, but with the object of influencing European opinion towards a fresh solution of the question of the islands in order that peace may be preserved.

As far as I am able to observe, this is a fair reflection of the attitude of the Government, who are not, in my opinion, in search of a pretext for making war on Greece, but who would make war if no peaceful solution were found. It would be unwise to assume that the feeling aroused in regard to the question is not real.

I have, &c.
LOUIS MALLET.

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[857] No. 19.

Sir E. Goschen to Sir Edward Grey.—(Received January 7.)

(No. 7.)
Sir, *Berlin, January 5, 1914.*

WITH reference to my despatch No. 477 of the 30th ultimo, I have the honour to report that the following Berlin telegram appeared in the "Frankfort Gazette" this morning:—

"The German Government has, as has been repeatedly affirmed, regarded the despatch of the German military mission to Turkey as a Turkish affair. Should the German military mission at some later date be employed, within the terms of the contract entered into by Turkey, at some place other than Constantinople—for instance, with the army corps stationed at Adrianople—no objection could be raised thereto by the German Government, and no objection has been raised when this possibility has been discussed. The manner in which the German officers who have entered the Turkish service are employed, naturally always within the terms of the contractual agreements, is a Turkish concern. In this direction may lie the understanding which, according to the reports of French newspapers, is about to be reached between Germany and Russia, or more properly speaking between Russia and Turkey."

I have, &c.
W. E. GOSCHEN.

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* Not printed.

[789] No. 20.

Board of Trade to Foreign Office.—(Received January 7.)

(Confidential.)

Sir, *Board of Trade, January 6, 1914.*

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 2nd January, transmitting copy of a memorandum communicated by the German Chargé d'Affaires with reference to the desiderata of the Bagdad Railway Company as regards river services in Mesopotamia, and to state that they concur generally in the terms of the letter which Sir E. Grey proposes to address to Lord Inchcape on this subject.

I am, however, to point out that the words "Mosul and Bagdad" appear to have been accidentally inserted in line 16 on page 3 of the draft letter instead of "Mosul and Samara," and to suggest that the word "cable" should be inserted before the words "ferry services" in line 13 on page 2.

I am, &c.
GEO. J. STANLEY.

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[760] No. 21.

Sir Edward Grey to Sir G. Buchanan.

(No. 7.)

(Telegraphic.) *Foreign Office, January 7, 1914*

YOUR telegrams No. 3 of 5th January and No. 4 of 6th January.

I have told Russian Chargé d'Affaires that I am enquiring whether the King has any recollection of the question of the German officers at Constantinople having been mentioned by the German Emperor, but it seemed to me quite out of the question that the German Emperor should have said anything to the King more than to the Emperor of Russia at Berlin.

Visit of German Ambassador at Constantinople to England has not been mentioned to me by German Ambassador here or by German Government. I do not believe it has any political object, nor have I had any intimation, direct or indirect, that the German Ambassador at Constantinople will ask even to see me.

I told Russian Chargé d'Affaires of intention of Russian Minister for Foreign Affairs to wait a week or so before proposing any new step. I said I still believed that Germany really wanted to find a way out, and that as long as this was so there should be no ostentatious demonstration and the question should be handled as quietly as possible, but that I should impress upon German Ambassador this afternoon the importance of settling the question with Russia.

(Repeated to Paris, No. 6; Berlin, No. 5; and Constantinople, No. 12.)

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[760] No. 22.

Sir Edward Grey to Sir E. Goschen.

(No. 4.)

(Telegraphic.) *Foreign Office, January 7, 1914.*

I TOLD German Ambassador to-day that question of German command at Constantinople was causing me more anxiety than all other questions together.

I believed that German Government really wished to find some way out of the difficulty, and as long as this was so I had urged that there should be no ostentatious demonstration that would make it difficult for German Government to come to an arrangement with Russia.

German Ambassador confirmed impression that German Government want to find a way of satisfying Russia, but said it would take time, and meanwhile any demonstration such as a *démarche* by the Triple *Entente* at Constantinople would make everything impossible. He indicated some anxiety as to whether a step of this kind was in contemplation.

I said that for the present I had spoken to Russian Chargé d'Affaires in the sense of what I had just said to the Ambassador. I was going away to-night and should return on the 19th, but, if no progress had been made in the negotiations between Germany and Russia by then, I feared that I should be confronted with a very

unpleasant situation. The Russians were getting very impatient, and would feel it necessary to take some step to secure their own position in Turkey to make up for the position acquired by a German general at Constantinople. I could not say what action Russia might take there, but it would open up a very large and difficult question. I suggested that, if German Government could not agree at once to some modification of the German command at Constantinople, they might agree with Russian Government on some announcement that the position of General Liman von Sanders was temporary and would be revised.

(Repeated to Paris, No. 4; St. Petersburgh, No. 5; and Constantinople, No. 10.)

[1596] No. 23.

Sir Edward Grey to Sir R. Rodd.

(No. 6.)

Sir, *Foreign Office, January 7, 1914.*

THE Italian Ambassador brought M. Martino, the head of the Italian Foreign Office, to see me to-day. They presented the Italian view about the Turkish islands in Italian occupation. The prolonged occupation had cost Italy much money. Since the Treaty of Lausanne the operations of Turkish officers in Tripoli, continued contrary to the treaty, had caused great expense to Italy, and, before giving up the islands to Turkey, she ought to have something that would indemnify her for this. Turkey had no money, and what Italy wished to have was a concession for a port at Adalia, in Asia Minor. Without something of this sort Italian public opinion would be bitterly disappointed.

I observed that our secret agreement with Italy, made many years ago respecting Tripoli, though it had not contemplated any actual alteration of the status in Tripoli, had yet led us to acquiesce in the Italian annexation of Tripoli. While, however, the Italians were annexing Tripoli, they had occupied the islands, and they had assured us at the time that this occupation would be only temporary. They had given us further assurances subsequently, and now it did not seem reasonable to attach new conditions to their withdrawal from the occupation. But, if they wished for some compensation from Turkey to indemnify them for extra expense, the natural solution would be a money indemnity. Turkey, it appeared, had no money for this purpose, and if some other compensation was asked instead of money I could raise no objection, provided that it was not paid by a British company. I then went over the familiar ground about the Smyrna–Aidin Railway Company being the only British railway enterprise in Asia Minor, and I said that if the Italians could, by direct negotiations with the company, satisfy the latter that their commercial interests would not suffer by the Italian concession, I would not oppose the negotiations in Constantinople for this concession.

The Italian Ambassador was anxious that I should indicate to the company that, for political reasons, I should be glad to see them come to an agreement with the Italians.

I said that I had asked that the company should keep us informed of what happened, but I could not ask them to sacrifice their commercial interests, and whatever view they took of the Italian proposals must be *bonâ fide* their own. I gathered that the Italians wished to have a concession for a port at Adalia, but that, as regards railway access to that port, dues to be levied, and so forth, they would be prepared to treat with the Smyrna–Aidin Company.

The Ambassador went on to say that the French press, while I had been away, had been making mischief by stating that our proposals about the south of Albania demanded a date to be fixed for Italy to evacuate the islands in her occupation.

I said that I had not seen the French press while I had been away. I had thought it had been occupied entirely with an interview of the Chancellor of the Exchequer on the subject of expenditure on armaments. But, with regard to my actual proposals about the Ægean islands, the Italian Government had the text, and I would wait till I received the reply from the Triple Alliance on the subject of the islands before I discussed the question.

The Ambassador said that the reply about the islands in Greek occupation would be in accordance with what we wished. Italy had worked in this sense, though she had not wished to put herself forward prominently, because she desired not to offend Turkish susceptibilities.

I said that I had so often heard complaints, such as I had this afternoon, of the

behaviour of the Turks respecting the conditions of the Treaty of Lausanne that it did not seem to me quite natural that Italy should be on such cordial terms with Turkey, and so sensitive about Turkish susceptibilities, when the conditions of the Treaty of Lausanne were not being fulfilled by the Turks.

This remark caused a revival of conversation, in the course of which the Ambassador informed me that there was a large bundle of the protests that Italy had addressed to Turkey about the non-fulfilment of the conditions of the Treaty of Lausanne. There had been no collusion with Turkey about the islands, but until Turkey was assured that she would keep them she naturally had no interest in seeing Italy evacuate them.

I am, &c.
E. GREY.

[57924] No. 24.

Foreign Office to Board of Trade.

Foreign Office, January 7, 1914.

Sir,

I AM directed by Secretary Sir Edward Grey to transmit to you herewith a copy of a letter from the Anglo-Persian Oil Company,* relative to the situation which would be created for them in the event of the establishment of a monopoly for the sale of oil in Turkey.

I am to state that, subject to the concurrence of the Board of Trade, Sir E. Grey would cause to be returned to this letter a reply in the sense of the second and third paragraphs of the letter from this Office to your Department of the 17th ultimo.

I am, &c.
EYRE A. CROWE.

[1064] No. 25.

Sir L. Mallet to Sir Edward Grey.—(Received January 8.)

(No. 15.)
(Telegraphic.) R. *Constantinople, January 8, 1914.*

IMPERIAL iradé, dated yesterday, promulgates changes in high military appointments and places on the retired list a large number of former prominent generals and officers, about 280 in all. More important announcements are following: General Liman's appointment to the command of the 1st Army Corps is confirmed. Mahmoud Mukhtar from the embassy at Berlin to 3rd Army Inspector at Erzinjan, on the Russian frontier. Enver Pasha takes the Chief of the Staff, in addition to War Minister. The Sub-Chief of the General Staff is Hakki Bey, a contemporary of Enver, and formerly military attaché at Vienna. It is rumoured that an additional sub-chief will be a German officer.

The Superior Council of War has been suppressed. Mahmoud Mukhtar's appointment will not be agreeable to Russia.

Provisional law just gazetted sanctioning a supplementary credit of over £T. 3,000,000 from January to March 1914.

[1068] No. 26.

Sir L. Mallet to Sir Edward Grey.—(Received January 8.)

(No. 17.)
(Telegraphic.) *Constantinople, January 8, 1914.*

MY telegram No. 15 of to-day.

I asked my Russian colleague how he regarded Enver's appointment as Chief of the Staff. He said that it would give real power to German sub-chief, but that the Grand Vizier had assured him that Enver's appointment as Chief of the Staff was only temporary.

The Russian Ambassador did not mention to me the question of Mahmoud Mukhtar's appointment

He hopes to go on leave on 11th January.

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* See "Asiatic Turkey and Arabia" Volume, Part XII, No. 274.

[1070] No. 27.

Sir G. Buchanan to Sir Edward Grey.—(Received January 8.)

(No. 6.)
(Telegraphic.) *St. Petersburgh, January 8, 1914.*

MY telegram No. 4 of 6th January.

Minister for Foreign Affairs sent for the French Ambassador and myself this afternoon and said that Russia was on the eve of signing an agreement with Turkey regulating her economic and railway interests in Asia Minor. Its signature would carry with it Russia's consent to 4 per cent. customs increase within a delay of six months. Great Britain and France were also negotiating agreements with Turkey under which the latter would acquire the right to levy these duties. The question of the German military mission must not, however, be olst sight of, and if we now signed our respective agreements we should no longer be able to threaten Turkey with a refusal of 4 per cent. customs increase. Financial pressure would then be restricted to closing the French market to any Turkish loans, and this might not be sufficient. In that case we might have to resort to the more drastic measures now under the consideration of the committee of four Ministers, whereas he had always advocated recourse to financial pressure in the first instance as being likely to prove efficacious in view of the straitened circumstances of the Turks. The question therefore arose, ought we to sacrifice our agreements so as to retain the 4 per cent. as a weapon to be used in case of necessity? Anxious as he was to get all questions affecting Russian interests in Turkey settled, he was willing to make the sacrifice provided that His Majesty's Government and the French Government would do the same.

The French Ambassador and I promised to telegraph to our respective Governments and ask for an early answer, as the Turks have been pressing his Excellency to sign.

[1085] No. 28.

Sir F. Bertie to Sir Edward Grey.—(Received January 9.)

(No. 15. Confidential.)
Sir, *Paris, January 8, 1914.*

M. DOUMERGUE informed me yesterday that he had mentioned to the Italian Ambassador, who had just been with him for thirty-five minutes, the question of the Ægean islands, saying that he had full confidence in the intention of the Italian Government to act up to their promises, but that it was desirable that it should not drag on indefinitely. M. Tittoni had stated that the Italian Government would evacuate the islands occupied by Italian troops as soon as they had made the necessary arrangements with the Porte. The Italian Government had spent considerable sums on the slands, which, owing to the impecuniosity of the Porte, the Turkish Government found it difficult, if not impossible, to provide at present, and meanwhile they would prefer that the Italian occupation should continue. Conversations were being held at Constantinople as to the form of compensation, other than pecuniary, which it might suit the Turkish Government to offer and the Italian Government to accept. It would not be of any great importance, probably a concession of some sort on or near the coast of Asia Minor.

M. Doumergue told me that the Italian Ambassador had talked at great length, but had been very vague as to the form of compensation which the Italian Government would consider as acceptable.

I have, &c.
FRANCIS BERTIE.

[1167] No. 29.

Sir L. Mallet to Sir Edward Grey.—(Received January 9.)

(No. 19.)
(Telegraphic.) R. *Constantinople, January 9, 1914.*

MY telegram No. 15 of 8th January.

Sir R. Crawford tells me that supplementary credit is not a fresh outlay, but to cover extraordinary expenditure of present financial year.

[1070] No. 30.

Sir Edward Grey to Sir F. Bertie.

(No. 11.)
(Telegraphic.) *Foreign Office, January* 9, 1914.

SIR G. BUCHANAN'S telegram No. 6 of 8th January: Russian interests in Turkey.

Your Excellency should ask Minister for Foreign Affairs what view the French Government take of M. Sazonof's suggestion.

[58388] No. 31.

Foreign Office to Lord Inchcape.

(Confidential.)
My Lord, *Foreign Office, January* 9, 1914.

I AM directed by Secretary Sir E. Grey to transmit to you the accompanying copy of a memorandum, communicated by the German Chargé d'Affaires in a letter dated the 23rd December, 1913, respecting article 8 of the British revise of the proposed agreement between the Ottoman Government and the Bagdad Railway Company. A copy of article 8 of this agreement, as drawn up in consultation with your Lordship, is enclosed for facility of reference, and a copy of the German draft, as communicated to His Majesty's Government on the 14th November, is also attached for purposes of comparison.

The memorandum now communicated by Herr von Kühlmann lays stress on three principal points:—

1. The desire of the Bagdad Railway Company to establish connection between the two banks of the River Tigris at Bagdad, Mosul, and Samara by means of services under its own control.

2. The need for a sure guarantee that satisfactory services will, in fact, be established by your Lordship's company wherever else they may be required by the Bagdad Railway Company on conditions acceptable to the latter company.

3. The need of reserving to the Bagdad Railway Company the right of establishing, by agreement with the Ottoman Government, ferry services, &c., wherever they may be required.

It is suggested that the examination of these questions would be facilitated if the draft concessions and statutes relating to your Lordship's company were to be communicated confidentially to the German Government, "so that the latter may be in a position to define their attitude towards them."

As regards point 1, the right to establish cable ferry services is already conceded at Bagdad under the British revise; as regards Mosul and Samara, as these places are both above Bagdad on portions of the river where traffic will presumably be relatively less heavy than below Bagdad, your Lordship may possibly not entertain serious objection to the desire of the Bagdad Railway Company. Sir E. Grey does not, however, wish to press the German demand should you be opposed to acceding to it; and, in such a contingency, he would propose to inform the German Government that your Lordship would be prepared to enter into a contract forthwith with the Bagdad Railway Company for the institution of the necessary services at Mosul and Samara, but that His Majesty's Government would not be prepared to acquiesce in the proposal of the German Government on this point, which goes beyond the terms of the Bagdad Railway concession of 1903, is inconsistent with the Anglo-Turkish declaration of the 29th July, 1913, and is still more inconsistent with the basis of agreement suggested to His Majesty's Government by the German Government on the 7th May, 1913, where it is laid down that "German subjects should make no claim to participate in the navigation of the Euphrates and Tigris."

As regards point 2, Sir E. Grey would propose to dissent from the German contention that your Lordship's concession was at first intended to be confined to navigation up and down stream, and did not extend to transport between the two banks.

He would suggest that, in the event of disagreement between your Lordship's company and the Bagdad Railway Company as to what constituted "acceptable conditions," provision should be made for reference to an independent arbitrator of

foreign nationality, and, failing agreement as to the arbitrator, that the reference should be to The Hague Tribunal.

As regards point 3, he would propose to decline categorically to accede to the German request for the same reasons which are adduced above against point 1, and for the additional reason that such ferries might seriously hamper the river navigation and thus render your Lordship's concession nugatory.

Sir E. Grey does not conceive that it is necessary for the German Government to be furnished with a copy of the concession, or of the draft statutes, at this stage, or in this connection; but it may shortly be necessary to furnish them with a copy of the concession when the details of German participation in the River Navigation Company are under discussion. He would, however, prefer to postpone communication of the statutes to the German Government until they have been agreed to by the Ottoman Government, and I am accordingly to enquire how far the negotiations between your solicitors and Hakki Pasha with reference to the statutes have progressed.

I am to ask that a reply to this letter may be returned at your Lordship's early convenience.

I am, &c.
EYRE A. CROWE.

[1233] No. 32.

Board of Trade to Foreign Office.—(Received January 10.)

Sir, *Board of Trade, January* 9, 1914.

I AM directed by the Board of Trade to refer to your letter of the 31st October, and its enclosures, regarding Messrs. Wönckhaus and Co.'s claim to compensation in connection with the Abu Musa red oxide difficulty, and to offer the following observations thereon for Sir E. Grey's consideration:—

1. The Board note that, while it is proposed to compensate Messrs. Wönckhaus in respect of their losses owing to the non-fulfilment of their contract of the 1st June, 1906, for the purchase of red oxide mined in Abu Musa, His Majesty's Government refuse to recognise any claim on the part of the firm as shareholders in the company which held the concession for mining in that island, more especially as their share in that company was purchased at a date when they must have been aware that the concession had been cancelled.

2. As regards the claims now under consideration, the Board apprehend that these are as follows:—

(*a.*) That the firm's direct losses be refunded—the counts of the claim being set out under five sub-heads (see enclosure to Prince Lichnowsky's note of the 5th April).

(*b.*) That a lump sum be paid to the firm to compensate them for the profit which they might have been expected to make (but did not make) had their contract with Hassan Samaiya been uninterrupted. It is understood that this proposal has been accepted by Messrs. Wönckhaus and the German Government, and that the sum paid is to be in final extinction of all rights which the firm may have acquired whether under the contract or otherwise.

3. As regards (*a*), the Board are disposed to think that Messrs. Wönckhaus's claim under sub-head (1) might in principle be allowed in respect both of advances to the mining company and of implements lost on the island. It would, however, be incumbent on the firm to adduce satisfactory evidence as to the amount of such advances not repaid, and it would also be necessary for them to establish the precise nature and value of the implements destroyed or removed.

4. The Board understand, as a result of semi-official communication with your Department since the date of your letter under reply, that the shipment by the steamship "Louise" (item 2), which consisted of 1,810 tons of oxide, was made in April 1908, in pursuance of the permission granted in Sir E. Grey's note to the German Chargé d'Affaires of the 10th January of that year. Thus three months were allowed to elapse between the date on which operations on Abu Musa ceased and the date on which permission to ship the oxide already on the beach was accorded, and about three months more elapsed before Messrs. Wönckhaus availed themselves of this privilege. The claim here is mainly one on account of deterioration of the oxide during this period of delay, but the Board note that, in Sir P. Cox's opinion, no

substantial deterioration can have occurred. If, however, the fact that deterioration did take place could be established, it would seem to have been due partly to the firm's own inaction and partly to circumstances beyond their control. The extent to which these circumstances should be allowed for would largely depend upon the length of time the oxide in question had already been lying on the beach before the cessation of operations, and, for the purpose of any reference to arbitration, information on this point would have to be secured.

5. The Board concur in Sir E. Grey's decision not to admit claims under item 5. Item No. 3, of course, disappears in view of the facts that the mines under present arrangements are not to be handed over to Messrs. Wönckhaus and that their claim as shareholders in the original mining concession is not to be recognised. The Board also note that Sir E. Grey is not prepared to make any allowance in respect of item 4.

6. As regards the substantial part of Messrs. Wönckhaus's claim comprised under head (*b*), viz., that arising from the loss of anticipated profits under their contract with Hassan Samaiya, I am to state that—

7. As the Board understand the matter, the quantity of red oxide to be shipped per annum under the contract was from 2,000 tons up to a maximum of 5,000 tons, and the period of the contract four years, the firm having, however, the option of renewal for a further period "at the same price and condition, or at any rate at the price of other serious buyers." The concession was terminated by force in October 1907, *i.e.*, about one year and four months after the commencement of the contract on the 1st June, 1906, and two years and eight months before the date on which it would in ordinary circumstances have elapsed if not renewed. It is assumed that the firm desire their claim to be considered as one to cover the whole period of their contract, subject to a reduction on account of oxide actually shipped.

8. It is understood that the quantities of oxide actually shipped by Messrs. Wönckhaus were as follows: in April 1908, by the steamship "Louise," 1,810 tons; in May 1911, 300 tons; on the 14th November, 1912, 5,000 bags. The Board are not aware of the weight of a bag of oxide, but, having regard to the third paragraph of the contract of the 1st June, 1906, 5,000 bags would appear to amount to about 6,000 cwt., or 300 tons. In addition, it is understood that 400 tons were shipped by the steamship "Nasin," in May 1910, on account of Hassan Samaiya, in fulfilment presumably of the third paragraph of Messrs. Wönckhaus's contract with him.

9. The Board also understand that at the time when operations on the island ceased there were lying on the beach the 1,810 tons shipped subsequently by the "Louise," as well as 400 tons which that vessel did not remove, and that, in addition, 3,000 tons of oxide had been deposited near the mine. The Board are not, however, aware (1) whether any shipment of oxide was made by Messrs. Wönckhaus under their contract before the "Louise" shipment; and (2) whether any of the oxide mined at the date when the concession was cancelled had been mined before the commencement of the contract (1st June, 1906). If it should be possible to answer both these questions in the negative, and if the quantity above referred to (about 5,210 tons) represents the total output of the mine during the expired period of the contract (about one year and four months), it would appear that Messrs. Wönckhaus's claim in respect of that period can only relate to the difference between the 5,210 tons and the total amount shipped by them (2,410 tons—excluding the shipment of 400 tons on behalf of Hassan). In the contrary event, allowance would have to be made accordingly. As, however, Messrs. Wönckhaus were definitely granted permission on the 15th December, 1911, to remove all the oxide which had been mined and not already removed, provided they did so before the end of 1912, they cannot, so far as the Board are aware, properly blame anyone but themselves if they did not avail themselves of this privilege in its entirety. The Board are therefore of opinion that a claim to compensation should be admitted only in respect of the unexpired portion of the contract (viz., two years and eight months).

10. On the other hand, the Board are disposed to think that some allowance (say for two years' shipments) might be made to the firm in consideration of loss under the renewal clause of their contract. But it must be observed that the words "at any rate at the price of other serious buyers" appear to contemplate the possibility of the contract, if renewed, being renewed on terms less advantageous to Messrs. Wönckhaus.

11. I am, however, to point out in this connection that, whilst deposits of red ochre are very widely distributed throughout the world, certain kinds derived from the islands of the Persian Gulf (principally Hormuz) are understood to have special qualities as regards shade. It is also understood that these varieties, for which there

is much demand in the trade, cannot be replaced from other sources. The market for red oxide of this kind is, however, limited, and, with the Hormuz deposits working, it may be questioned whether the market could (without a considerable resultant depreciation in value) have absorbed more than the minimum (2,000 tons) of Abu Musa oxide allowed to be shipped by Messrs. Wönckhaus's contract. Nevertheless, it would seem that, if the 5,210 tons above referred to were actually mined during the expired period of the contract, the annual output during that period at least was considerably in excess of 2,000 tons.

12. If, therefore, allowance be made for shipment at the minimum rate of 2,000 tons per annum for the unexpired period of the contract plus 4,000 tons in consideration of loss under the renewal clause, the total amount of oxide for which Messrs. Wönckhaus would receive compensation would be 9,333 tons, or roughly 10,000 tons. If, for the moment, the figure of 33*s.* 3*d.* per ton which the firm claim to have been their loss of profit be accepted, this would result in an estimate for compensation of 16,625*l.*, to which some sum would have to be added to meet the first two items of the head (*a*) of the claim, the other claims under that head being disallowed. It will of course be requisite that the firm's figure of 33*s.* 3*d.* profit per ton be most carefully examined by the arbitrators who may be appointed to investigate the whole matter.

13. Whilst the Board are of opinion that compensation to Messrs. Wönckhaus might properly be based on the general principles indicated in the foregoing paragraphs, they are not in a position to check Messrs. Wönckhaus's figures or to advance any estimate—other than the very rough calculation contained in the immediately preceding paragraph—of the amount of compensation to be paid to that firm. In particular they have no information as to (1) the average market price of red oxide on the continent during the unexpired term of the contract, or what that price would have been had the contract been permitted to run—*i.e.*, whether the prices would have been depressed by the addition of the produce of the Abu Musa mines to the world's supply; (2) what the average cost of freight, insurance, and commission for the carriage of the oxide to Europe would have amounted to in the period; (3) whether it would have been possible for the Abu Musa Company to have mined more than, or as much as, the 2,000 tons per annum stipulated in the contract during its unexpired portion; and (4) whether the quality of the oxide from the Abu Musa mines was up to average standard.

14. The foregoing points, together with the items 1 and 2 of head (*a*) above referred to, might, in the Board's view, properly form the subject of an investigation by competent arbitrators, to whom the evidence available from Messrs. Wönckhaus's books in respect of the trial, shipment, and from other sources could be submitted. As regards the tribunal to which this enquiry should be entrusted, the Board note that the German Government in their Memorandum, copy of which formed one of the enclosures in your letter under reply, appear to contemplate the submission of the case to a mercantile expert in London, and they are accordingly disposed to suggest for Sir E. Grey's consideration that, for the purposes of a commercial ascertainment of the facts, no better tribunal could be suggested than a court of arbitration appointed by the London Chamber of Commerce.

15. Information with regard to the two points referred to in the paragraph of this letter, numbered 9, may perhaps best be obtained from Messrs. Wönckhaus direct before any reference is made to arbitration.

I am, &c.
GEO. J. STANLEY.

[1410] No. 33.

Sir L. Mallet to Sir Edward Grey.—(*Received January* 12.)

(No. 6.)

Sir, *Constantinople, January* 6, 1914.

I HAVE the honour to report that despatches from His Majesty's consul at Van, which cover the general political state of the country during the three months that that consulate was vacant, report on the whole a general increase in public security. The Vali, Tahsin Bey, has shown more activity "than any previous Governor of the province" in his attempts to stamp out brigandage, and several important brigands whose misdeeds have terrorised the country for long past appear to have been captured and executed.

Even the Armenians have been forced to give a certain amount of credit to the Vali

although, as Mr. Smith says, they somewhat typically suggest that this activity is only due to the desire of the Turks to have some results of good government to show the Powers in connection with the reform schemes now under negotiation.

The Armenian political societies are reported in the meanwhile to be biding their time, although the "whitewashing" of the gendarmerie in connection with the shooting of an active member of the Henchakist society caused considerable excitement in last September, and their press organs are somewhat incensed at a report of the Vali to the Minister of the Interior that, as a result of steps taken by him in his recent tour, the question of the Armenian lands occupied by the Kurds has "lost its urgency and that little further remains to be done." It must be admitted that a statement of this kind seems distinctly premature. Against the Kurds the Government have shown equal activity: two villages belonging to Sheikh Taha, who possesses a large degree of influence with these people, having been bombarded at the end of November with a loss of twenty of his tribesmen.

"The Kurds only understand force, and it is a mere waste of time to try any other methods with them," the Vali recently remarked to Mr. Smith.

I have, &c.
LOUIS MALLET.

[1430] No. 34.

Sir G. Buchanan to Sir Edward Grey.—(Received January 12.)

(No. 7.)
Sir, *St. Petersburgh, January 6, 1914.*

IN continuation of my despatch No. 394 of the 25th ultimo, I have the honour to inform you that, though most of the other papers have lately maintained silence on the subject of the German mission, the "Novoe Vremya" has carried on its campaign of criticism unabated.

Commenting on the arrangement by which General von Sanders would remain at Constantinople as a member of the Supreme Military Council and Inspector of Military Schools while another German general would be appointed commandant of Adrianople, the "Novoe Vremya" says that it really seems incredible that Russia should accept this so-called "compromise," and, moreover, insist on its immediate execution. It points out that the compromise consists in giving still wider powers to the German generals. General von Sanders would perhaps not have actual command of the 1st Army Corps, but it would be at his disposal for carrying out the measures recommended by him. Thus he would have the real command of the corps while another German general would have command of Turkey's second capital, Adrianople.

On the day following the publication of this article in the "Novoe Vremya," which has never ceased bitterly to criticise Russia's policy in the German mission question, suddenly discovered that M. Sazonof's policy was due to the fear of embarrassing the German Chancellor, who might well be succeeded by a less pacific statesman than was Herr von Bethmann-Hollweg. And in its next issue it expressed the view that the German mission was a mere episode of no importance except as portending the dissolution of the Turkish Empire.

But this lull in the storm of criticism, to whatever cause it may have been due, was of short duration; and the "Novoe Vremya" has now resumed its daily diatribe against the Government, varied only by the addition of hints as to where the screw could be applied which would induce Germany to see reason in the Constantinople question. Germany might, for instance, be reminded of Russia's potential influence on the construction in Persia of a railway for German commerce, though as a matter of fact Germany had now gained in the Bosphorus more than ever she could lose in Persia. Or Russia might withdraw her money from German banks and thus compel Turkey once more to listen to Russia.

In an article published yesterday, the "Novoe Vremya" reviews a century of Russo-German friendship, which, it says, has resulted in the forging of "a Teutonic ring round Slavdom," begun in 1813 when Russia freed Prussia from the Napoleonic yoke—thus laying the foundations of the German Empire—and completed in 1913 by the creation of an Austrian Albania and of a German Anatolia, and finally by the "seizure of the Straits by Germany." The article concludes by saying that the principal aim of Russian foreign policy must now be to break this ring and that only by such a policy will Russia gain the firm support of France and England.

I have, &c.
GEORGE W. BUCHANAN.

[1413] No. 35.

Sir L. Mallet to Sir Edward Grey.—(Received January 12.)

(No. 9.)
Sir, *Constantinople, January 7, 1914.*

I HAVE the honour to forward herewith a despatch from Lieutenant-Colonel F. Cunliffe-Owen, military attaché to this Embassy, regarding the recent appointment of Major-General Enver Pasha to succeed Izzet Pasha as Minister of War.

I have, &c.
LOUIS MALLET.

Enclosure in No. 35.

Lieutenant-Colonel Cunliffe-Owen to Sir L. Mallet.

(No. 2.)
Sir, *Constantinople, January 5, 1914.*

AS your Excellency is aware, the appointment of Major-General Enver Pasha to succeed Izzet Pasha as Minister for War in the present Turkish Cabinet is now confirmed.

It is not necessary for me to recapitulate the antecedents of the new Minister, whose history and personality are well-known, but his advancement from the rank of major, which he held on the outbreak of war with Italy, has been singularly rapid. After being promoted lieutenant-colonel, he was only the other day raised to the rank of colonel for his services during the Balkan campaign and now he receives the grade of general of brigade.

It does not appear from all accounts that Enver Pasha possesses any very striking military genius, or if he does, this has not yet come to light. The landing operations against the Bulgarians in the Gallippoli Peninsula, which he is said to have personally directed, were a failure, and his last exploit, viz., the re-occupation of Adrianople, did not call in the circumstances for any special military skill. On the other hand, there is no denying his forceful personality and energetic driving power, and at the present moment when the Turkish Government is directing all its efforts towards obtaining a national success over the island question, the selection of Enver Pasha as War Minister is no doubt due to the desire to press forward with all vigour the reorganisation of the army, so that it may be in some condition to take part in a renewal of hostilities, should it be called upon to do so.

I am still of opinion expressed in a former despatch that the army now in Thrace is ill-prepared for war, but with the present tone of public feeling, it is evidently the object to rectify this by such time as (should matters eventually so develop) the Turks are ready to make good their pretensions by sea.

I am informed that the corps around Smyrna is now complete and that a commencement has already been made with the formation of the new divisions in Western Anatolia. In order to form these divisions, however, in the first instance, the third battalions from the regiments elsewhere have been drawn upon as a nucleus. In Thrace, there is some activity about Demotika, but the divisions of Adrianople and Kirk Kilisse are partly scattered in the eastern localities. Measures are being taken to complete the equipment of rifles and ammunition, but as before noted, the troops are still variously armed with old pattern weapons.

Time has not not yet sufficiently elapsed to enable a judgment to be formed of the feeling with which Enver Pasha's appointment may be received in military circles, but it would seem that, among some of the classes of older officers at any rate, the selection of one so junior for the high post of War Minister must certainly arouse certain opposition. Moreover, Enver Pasha's past career is likely to have gained for him an appreciable number of enemies.

No definite information has yet appeared as to the new appointment if any, which Izzet Pasha will receive.

I have, &c.
F. CUNLIFFE-OWEN,
Military Attaché.

[1433]

No. 36.

Sir G. Buchanan to Sir Edward Grey.—(Received January 12.)

(No. 10.)
(Confidential.)

St. Petersburgh, January 7, 1914.

Sir,

DESPITE the anxiety professed by the German Government to settle the question of their military mission at Constantinople in a manner satisfactory to Russia, little progress has been made during the past fortnight towards a solution.

M. Sazonof had welcomed the proposal, made to him by Count Pourtalès, to the effect that the German and Russian military attachés at Constantinople should confer together and endeavour to arrive at an understanding: but he was disagreeably surprised to find that, contrary to what he had been led to expect, the German military attaché was restricted by his instructions to the discussion of mere questions of detail. When subsequently he expressed to Count Pourtalès his readiness to accept a solution under which the effective command over the Turkish troops would have been entrusted to a German general at Adrianople, while General von Sanders would have remained at Constantinople as Inspector-General of the military schools, he was given to understand that German prestige would not admit of the immediate carrying out of such an arrangement, and was told that the German Government would not be hustled. His hopes were again aroused by the language which Herr von Jagow held to the Russian Ambassador on New Year's day; but they were once more extinguished when he discovered that any modifications which the German Government might be disposed to accept with regard to General von Sanders' command would only be carried out "im Laufe des Jahres"—within the course of the year. His Excellency has also been left without an answer to his request that the German Government should at any rate give him some confidential intimation of their intentions, while he has failed to obtain their consent to the publication of a communiqué that would tranquillise Russian public opinion with regard to the present course of the negotiations.

At the same time both his Excellency and the Emperor are much incensed at the story, which Herr von Jagow has been circulating, that His Majesty had, on being informed of the proposed mission by the Emperor William during his stay at Berlin last May, not only raised no objections, but had actually expressed approval of it. The Emperor, whom M. Sazonof has twice questioned on the subject, positively asserts that not one word was ever said of an effective command, and that the Emperor William had only spoken to him of military instructors. So far from expressing any approval, the Emperor had said that he did not consider it a very friendly act on the Emperor William's part to be always sending German officers to reorganise the Turkish army, as that army might one day be employed against Russia. As the Emperor expressed exactly similar views to me at an audience, which I had with His Majesty last April, there can, I think, be no doubt that his account of what passed between him and the Emperor William is correct.

The Emperor returned to Tsarskoe Selo from the Crimea on New Year's Day and at an audience, which M. Sazonof had on the 5th instant, his Excellency informed His Majesty of the three questions which Sir Eyre Crow, as reported in your telegram, No. 440 to Berlin of the 31st ultimo, had submitted to M. de Etter; and he was authorised by the Emperor to discuss them with the President of the Council, and with the Ministers of War and of Marine, and to elaborate a programme of eventual action, to which, however, recourse would only be had in the very last resort. In the meantime, M. Sazonof seems disposed to await for another week or ten days some further communication from Berlin. If none is then forthcoming, and if there seems no prospect of arriving at an amicable understanding with the German Government, he will, as at present advised, propose that the Ambassadors of France, Great Britain and Russia, should make separate and friendly representations to the Porte, and convey at the same time the warning that, if Turkey refuses to listen to their advice, she will receive neither financial assistance nor the 4 per cent. customs increase. M. Sazonof is a firm believer in the efficacy of this financial pressure, though he recognises that, if it fails, we must be prepared to take more stringent measures. Till he has conferred with his colleages he cannot say precisely what form those measures ought, in the opinion of the Russian Government, to take. Though he at first talked of a request for compensation he could specify none that would indemnify Russia for the privileged position which Germany is attempting to acquire at Constantinople. Any proposals therefore that the Russian Government are likely to submit to us will, to judge by his language, take the form of the occupation of some Turkish ports or of some portion of Turkish territory.

The tone which M. Sazonof had adopted in our recent conversations conveyed to me the impression that he confidently counted on the support of His Majesty's Government in bringing active pressure to bear on Turkey should all our attempts to come to an understanding with Germany prove fruitless. As I did not feel justified in encouraging him in this idea, I pointed out that even friendly representations, such as he had suggested should be made by the three Ambassadors at Constantinople, accompanied as they would be by the threat of financial pressure, might not leave Germany indifferent, while anything in the shape of the occupation of a port would almost certainly lead to German intervention in one form or another, I had personally, I said, some doubts as to whether His Majesty's Government would be prepared to go as far as this. His Excellency replied that England surely could not allow Germany to establish herself at Constantinople, and intimated pretty plainly that, were she to fail to support Russia in a question of such vital moment to her, the result would be fatal to the Anglo-Russian understanding. On my sounding him as to whether, in the event of His Majesty's Government being unable to participate in coercive measures against Turkey, Russia would act alone, his Excellency said that he would rather not contemplate such an eventuality, as isolated action by Russia would lead to a war into which England would in the end inevitably be drawn.

Without wishing to be an alarmist I fear that, if the German Government in their anxiety to guard against any possible loss of prestige, allow the question of General Sanders's retention of the command at Constantinople to remain in suspense much longer, the situation will become very critical. Rightly or wrongly the Russian Government believe that the German Government are endeavouring to acquire a veiled protectorate over Constantinople, and that, though the Straits and the Bosphorus are outside General von Sanders's jurisdiction, he will be in a position to exercise an indirect control over them. M. Delcassé, with whom I have had several conversations of late, shares this view. The young Turks, he believes, have sold themselves to Germany, who is preparing the way for eventually seizing the lion's share of the spoils when, at no distant date, the day of the liquidation of the Turkish Empire in Asia arrives. His Excellency has, moreover, on more than one occasion, expressed the opinion that Germany believes that she can exploit the Triple *Entente* with impunity, and that she will continue in this belief until we have undeceived her by taking a firm stand on some one question or another. I am not aware whether M. Delcassé has spoken in the above sense to M. Sazonof or not, but I have been much struck by the firm tone which he has adopted in speaking about General von Sanders's appointment as compared with the language which he held to me at the time of the reoccupation of Adrianople by the Turks. He was then most anxious that Russia should take no military action against Turkey for fear lest it might furnish Germany with a pretext for intervening, whereas now he seems inclined to think that it is incumbent on us to present a united front to Germany, and to adopt a more resolute tone than heretofore. The question of Constantinople is, of course, of infinitely greater importance from an international point of view than that of Adrianople, and he also realises that it is one which touches Russia to the quick. As such, it will constitute the touchstone by which the value of the French Alliance and of English friendship will be tested by Russian public opinion: and it is for these reasons, no doubt, that he looks upon it in a very different light to questions which, like that of Adrianople, were of secondary importance for Russia. During the past year the Russian Government have given many proofs of their pacific disposition, partly from their natural reluctance to create international complications that might involve them in war, and partly from their desire to keep in line with England and France, who have not been sparing of counsels of prudence and moderation. I believe, however, that M. Sazonof is right in declaring that, though it has not found such a violent form of expression, Russian public opinion has been more deeply moved by the present incident than by any of the questions that came to the fore during the two Balkan wars. In his conduct of the negotiations with the German Government his Excellency has throughout approached the question in a conciliatory spirit, and, by expressing himself ready to accept a settlement that has been strongly condemned by the Russian press, he has gone as far as it is possible for him to go in the direction of compromise. It is, therefore, but natural that he should expect the German Government to meet him half way by giving effect to the proposed arrangement within a reasonable time, and, should this expectation be disappointed, it would be rash to count on Russia acting as she did on more than one occasion last year, and taking refuge in a policy of simple renunciation.

I have, &c.

GEORGE W. BUCHANAN.

[1670]

No. 37.

Sir F. Bertie to Sir Edward Grey.—(Received January 13.)

(No. 19. Confidential.)

Paris, January 11, 1914.

Sir,

I HAD the honour to receive on the afternoon of the 9th instant your telegraphic instructions of that date No. 11, and I had an interview with the President of the Council, Minister for Foreign Affairs, yesterday, in order to discuss with him the suggestions made by the Russian Minister for Foreign Affairs, as reported to you by His Majesty's Ambassador at St. Petersburgh, in his telegram No. 6 of the 8th instant, for dealing with the question of the German military mission in Turkey.

At the beginning of our conversation M. Doumergue had not received from the French Ambassador at St. Petersburgh his telegraphic report of M. Sazonof's views. It was brought to him by his Chef de Cabinet on his enquiring whether M. Delcassé had not reported on the subject. As I had the honour to inform you by my telegram No. 4 of yesterday, M. Delcassé's report of M. Sazonof's views differs from those expressed to Sir George Buchanan, for the Russian Minister for Foreign Affairs stated to His Majesty's Ambassador that he would be ready to sacrifice the advantages to Russia of signing the Turco-Russian Agreement which had been negotiated and the signature of which would entail the consent of Russia to a 4 per cent. increase of Turkish customs within a delay of six months, and his Excellency would do so provided that England and France would act in like matter in regard to the Anglo-Turkish and Franco-Turkish agreements. The French Ambassador's report, however, states that Russia, while ready to initial her arrangement with Turkey, proposes to retain her freedom to exercise conjointly with France and England the requisite financial pressure by withholding her consent to the arrangement coming into force. M. Doumergue has telegraphed to the French Ambassador asking for further information.

In discussing M. Sazonof's views as reported by Sir George Buchanan I suggested to M. Doumergue that possibly the Russian Minister did not expect the French and British Governments to feel able to make the sacrifices which his Excellency suggested in which event he might come to some arrangements with the German and Turkish Governments regardless of French and British interests, and plead the want of support given to Russia by France and England as a justification for such arrangements. M. Doumergue thought this quite possible. It would be a very heavy sacrifice for France to have to withhold all pecuniary assistance to Turkey where she had in one way or another some 160,000,000*l.* invested. It might lead to a declaration of bankruptcy by the Porte. The Franco-Turkish agreement was already initialled and the French Government could not withhold their signature of it. Their consent to the imposition on French goods of the additional 4 per cent. Turkish customs duties was contingent on their imposition on the goods of all foreign countries, and it would be in the power of the Russian Government to put pressure on the German Government as well as the Porte by withholding, pending a satisfactory settlement of the German military mission question, their acquiescence in the additional customs duties, for they were required by Germany as a guarantee for the Bagdad Railway as well as by the Porte for Turkish needs. M. Doumergue had not been made acquainted by the Russian Government with the particulars of the agreement which they were about to sign with the Porte on the subject of Russian economic and railway interests in Asia Minor. The information which reached him from Constantinople was that the agreement would be of a far-reaching character.

As to the suggestion made by M. Sazonof that if the Russian, French, and British Governments signed their respective agreements with the Turkish Government, there would remain as a means of financial pressure only the closing of the Paris market to all Turkish borrowing, M. Doumergue observed that the Porte would in such a case seek and obtain financial assistance in Germany and elsewhere as it had done before to the detriment of French interests.

M. Doumergue wondered what would be the "mesures plus énergiques" which the Russian Government would contemplate if financial pressure on the Porte failed to effect what Russia desired. He said that the question of the German command at Constantinople being a matter which primarily affected Russia, the Russian Government should, in the first instance, make use of the financial pressure which they could put on the Turkish and German Governments and not ask France and England to sacrifice or jeopardise their interests.

M. Doumergue told me that he had learnt that in the negotiation of the Russo-Turkish agreement one of the requirements of the Russian Government had been that a Russian delegate should be admitted to the Council of Administration of the Ottoman Debt. To this the Porte had consented on the condition that the Russian demand did not entail a like demand for representation by any other unrepresented Power, the present *status quo*, except as regarded a Russian delegate, being maintained. This Turkish condition in view of the German claim for a second delegate and the presidency every third year made the Russian application abortive.

M. Doumergue promised to send me a summary of his views which he did soon after I left him, and I forwarded it to you in my telegram of yesterday evening. His Excellency is of opinion that if the French Government refuse or merely postpone the Turkish loan it will perhaps not be decisive as Turkey could probably find on another market sums sufficient for her urgent needs and await circumstances favourable to a large financial operation.

I have, &c.
FRANCIS BERTIE.

[57977]

No. 38.

Sir Edward Grey to Sir W. Townley.

(No. 6.)
(Telegraphic.)

Foreign Office, January 13, 1914.

MY telegram No. 489 of 31st December: Shatt-el-Arab.

Please do your utmost to expedite reply of Persian Government. It is desirable that our agreements should be published shortly after Parliament meets, and delay at Tehran is a principal difficulty.

[1851]

No. 39.

Ottoman Railway from Smyrna to Aidin to Mr. Parker.—(Received January 14.)

Winchester House, Old Broad Street,
London, E.C., January 9, 1914.

Dear Sir,

LORD RATHMORE has requested me to send you the enclosed memorandum of an interview held by him with Signor Nogara to-day, and to say that he intends to call upon you on Monday afternoon.

Yours faithfully,
THOS. W. COOKE,
Secretary.

Enclosure in No. 39.

Memorandum of an interview with Signor Nogara at Winchester House, January 9, 1914 (Mr. Slaughter present for a portion of the time).

SIGNOR NOGARA called on me at this office by appointment at 12. He was under the impression that his visit to me had been arranged on the suggestion of the British Ambassador or Charge d'Affaires at Rome. I told him that I had no knowledge of any such arrangement, and knew nothing of his coming to London until a few days ago, when I had a letter from the Foreign Office here, telling me that the Italian Ambassador in London had informed Sir Edward Grey that Signor Nogara was coming to see me on behalf of an Italian Concessionary Company. I had considerable difficulty in convincing him that my company had in no way suggested or invited his visit. He said that he quite admitted the option of my company for the construction of any line connecting the Aidin Railway with Adalia, but that in case we decided to exercise our option the two companies could with mutual advantage come to terms of forming a combined company for the purpose of carrying out the work, and he evidently expected that he would have found me prepared to inform him whether we intended to exercise our option or not. I told Signor Nogara that our General Manager at Smyrna had been making some investigations into the conditions and prospects of a railway from our existing line to Adalia, but that we were at present far from being in a position to arrive at any decision on the subject. He then put the alternative as

follows:—In case the Aidin Company should construct a railway to Adalia, it could be done by a special company composed of the Aidin and Italian Companies, or in case the Aidin Company should decide not to avail themselves of the option, there might be, what he had already spoken of, a negative agreement in the sense that the Aidin Company would not make a railway to Adalia and that the Italian Company would not construct a line to Bouldour. He said, however, that he claimed the right, independently of the Aidin Company, to construct lines from Adalia, if not in the direction of Bouldour, as for instance a line to Istanog viâ Bijikli, though in case the plan of a conjoint line were carried out by the two companies, it might suit him better to make a branch line to Istanog, starting from the neighbourhood of Cormasa.

Signor Nogara also spoke of the right of his company to construct railways starting from Adalia and running in an eastern direction along the coast. I told him he must not take me as assenting to his possession of the rights of construction of such lines from Adalia. He seemed much disappointed that I was not able to give him a more definite reply, and I told him it must take some time before I should be in a position to do so.

He said that he understood that his Government and the British Government were anxious that a friendly agreement should be come to between his company and mine. I replied that I had no knowledge of any pourparlers between the two Governments on the subject beyond the assurance given me at the Foreign Office that the British Government had protested, and would continue to protest, against any invasion of the rights of my company.

The impression left on my mind was that he rather expected we should decline to undertake the construction of an extension of our line to Adalia, which, he said, could never pay us, but he thought the conjoint operation could be carried out to the advantage of both companies, who might protect their several interests by agreements as to rates.

He asked me for Mr. Slaughter's address, and I understood that he would make an appointment with him.

[1836] No. 40.

Admiralty to Foreign Office.—(*Received January* 14.)

Admiralty, January 13, 1914.

Sir,

MY Lords Commissioners of the Admiralty have had under consideration your letter of the 12th ultimo forwarding a copy of a memorandum from the Turkish Ambassador, requesting that a number of officers and men of the Royal Navy may be lent for service under the Turkish Government in connection with the reorganisation of the Ottoman fleet.

2. My Lords had already received a communication from Rear-Admiral Limpus with regard to the officers mentioned at (1) and (2) of the enclosure to the Turkish Ambassador's note, and a copy of the reply which they proposed to address to that officer was referred for the concurrence of the Secretary of State (Admiralty letter of the 11th December, 1913).

3. As, however, the question has now been raised officially, my Lords concur in the answer which Sir E. Grey proposes to give to the request that these two officers should be authorised to take command of the Turkish fleet in time of war.

4. My Lords regret that the requirements of His Majesty's fleet do not admit of officers on the active list being spared for the appointments numbered 5, 6, 7, and 8 in the list, but, on learning that the services of retired officers would be acceptable to the Turkish Government, endeavours will be made to obtain volunteers, as well as for the appointments numbered 3 and 4.

5. Separate action is being taken as regards the other officials and men asked for.

6. I am, however, to point out that the distinguishing marks referred to by the Turkish Ambassador, indicating the officers, &c., whose selection it is desired should be left to Admiral Limpus, have been omitted from the list forwarded with your letter under reply.

I am, &c.
W. GRAHAM GREENE.

[2184] No. 41.

Documents communicated to His Highness Hakki Pasha on January 14, 1914.

(1.)

The Ottoman Railway from Smyrna to Aidin to Foreign Office.—(*Received August* 28.)

Winchester House, Old Broad Street, London, August 26, 1913.

Sir,

I HAVE ventured to postpone replying to your letter of the 31st ultimo until I should have had an opportunity of conferring with our general manager, who is now in England, upon the points dealt with by you in that letter, and also by His Majesty's late Ambassador at Constantinople in his communication, of which you were good enough to send me a copy. Hoping you will therefore forgive my delay, I now desire to submit that, while it is no doubt possible the Anatolian Company may endeavour to oppose the granting of the concession which my company is now seeking to enable us to extend our railway from its present terminus on the south-west shore of Lake Egherdir eastwards to Lake Beyshehir, such opposition could not be supported by any valid argument. The Anatolian Company's convention with the Turkish Government does not give to that company any preferential right to the traffic from the district which we are now seeking permission to serve, and it is difficult to see how their claim to the utilisation of the waters of Lakes Beyshehir and Seidishehir as storage reservoirs for the irrigation of the Konia Plain can be in any way prejudiced by such further railway construction as we are now asking for leave to make, and which, it cannot be denied, must greatly advantage the surrounding districts. Those districts are almost entirely cut off from the Anatolian line by the lofty chain of the Sultan Dagh mountains, through which one pass only furnishes a difficult and quite inadequate access, so that grain, which is the staple local commodity, can hardly support the excessive cost of transport to the sea, whereas the shortest and cheapest route to European markets must naturally be by the port of Smyrna, to which my company's project of a railway through the plains to the east of Lake Egherdir would give direct access.

Our latest extension (to Lake Egherdir) has proved very costly, and the further portion of it passes through a comparatively arid and unprofitable country; we therefore think that we are fairly entitled to all reasonable facilities for such access as we are seeking to the more promising districts that lie beyond and to the eastward of the lake. I may add that our general manager, in an interview which he had with Kiamil Pasha when that statesman was Grand Vizier, was explicitly informed that our request would be granted on the same terms as our previous extensions, and under all these circumstances we should be very averse to abandoning any portion of our application, and we trust that His Majesty's Government will, on all favourable occasions, give its strong support to our efforts to obtain the full concession we have asked for. But whilst we realise that negotiations with that view may possibly be protracted, there is a portion of our scheme, viz., that relating to a formal authorisation of our navigation of Lake Egherdir under improved conditions of transit which may, with the assistance of His Majesty's Government, be accorded to us without any further delay. This authorisation must surely be admitted to be far outside any pretensions of an Anatolian zone, while without it, although our present terminus is at the water's edge, the districts beyond the lake can take but small advantage of their proximity to our line, and we are thus deprived of a large portion of the revenue to which our heavy expenditure upon this last extension justly entitles us. I am glad to be able to inform you that our representative at Constantinople, Mr. Henry E. Pears, assures us that on this question of the navigation of the lake his latest appeal to the Ministry of Public Works has been most favourably received, and I would earnestly solicit prompt backing of his advocacy by the influence of His Majesty's Government at Constantinople.

I am, &c.
RATHMORE, *President.*

(2.)

Extract from a Letter from Lord Rathmore to Sir Edward Grey.—
(Received November 29.)

Winchester House, Old Broad Street, London,
November 28, 1913.

Sir,

I UNDERSTAND from the Secretary that you recalled the desire lately expressed by you that this company should not insist in too conservative a spirit upon complete compliance with its wishes.

I beg to assure you that my Council has gone into the consideration of the present situation with the strongest desire to fall in with your friendly suggestion; but the sacrifices required of this company by his Highness Hakki Pasha for the granting of the concessions we have asked for, viz., the cancelling of the obligation of the Ottoman Government to pay us some 4¾ millions sterling at the end of the company's present concessions (in exchange for an extension of its present term) are out of all proportion to the petition of this company. My Council hardly regards the concession of the right to make a comparatively small branch line through a thinly populated agricultural district entirely at its own cost and risk as a favour at all, especially as it would confer much greater immediate benefit on the country than it would upon the company. It is a fact that during the last thirty years the company has practically stood alone in being willing to construct on those terms.

The Ottoman Government without any external pressure have hitherto granted the company gradual extensions, recognising the benefit to the Ottoman people and to the Ottoman exchequer thereby conferred by the introduction of foreign capital on such favourable conditions, and in this way opening up a portion of the country so much in need of development. Quite recently my Council had to refuse to apply for extension concessions urged on them by the Government of His Majesty the Sultan.

In this class of undertaking the company cannot expect a fair return for its large outlay until the lapse of many years; and that is the reason of the request for an extension of the term of concession.

We recognise that it is desired that we should try to meet his Highness Hakki Pasha's proposals. We do not agree with his calculations, because, while it is possible for the gross traffic to double in forty years, the great increase of gross traffic may leave the company with no larger net income than what would be sufficient to maintain present rates of dividend. This is the almost universal experience of both British and foreign railways.

One of my colleagues has called upon Mr. Stanley at the Board of Trade as desired, and has conferred with him upon his Highness Hakki Pasha's proposals. I do not propose to go further into his Highness's calculations as to remote future profits at present, because my Council is willing to put forward an alternative suggestion, based on the idea of his Highness Hakki Pasha's views, which will ensure the participation by the Imperial Ottoman Government of these possible increases of the earnings.

The following basis is therefore suggested:—

1. Existing conventions to remain in force until 1950.

2. The concession to be prolonged from after the 15th October, 1950, for a term of forty-nine years.

3. The company to have after 1950 as a first charge on the net receipts a sum equal to 6 per cent. per annum on the agreed purchase price the Government would have had to pay in 1950, but for the prolongation of the term of the concession, and also on all new capital expenditure sanctioned by the Imperial Ottoman Government.

4. The surplus net profits, of the above deductions, to be divided as to one-third only for the ordinary shareholders, and the balance to form a Sinking Fund to reduce or extinguish the purchase price payable by the Government at the end of the concession.

5. If the purchase price under this division of profits is fully provided for by the Sinking Fund at the termination of the concession, the Government to have to pay only in addition the value of the stores and movables and of the rolling stock: but any shortage in such Sinking Fund to be either made up by the Government, or alternatively, the company to continue the working of the railway on the same terms until the purchase money is completed.

6. Should the purchase price be fully provided for by the Sinking Fund before 1999, then the whole of the two-thirds of the surplus thereafter to go to the Government.

The main idea of the foregoing proposal it will be seen is to throw upon the Imperial Ottoman Government the risk that the surplus profits of the undertaking will not be sufficient to form the whole of the Sinking Fund after allowing a reasonable sum for interest on the capital involved.

The Council is obliged to bear in mind that the line at present is the security to the proprietors for the 4 to 5 million sterling of their capital until the Government can and do exercise their option of repaying it, and that this fact is really the basis upon which that capital has been raised, and the Council cannot consent to fundamental changes on this point or in the status of the company, which the Council believe would be injurious to the interests as well as contrary to the wishes of the proprietors of the railway. On former similar occasions at times when the company has had no external pressure which it could bring to bear in its favour, the Ottoman Government has readily granted it extensions, and it seems difficult to believe that it will now persist in its objections when it is seeking important favours from the goodwill of His Majesty's Government; favours which would probably impose upon the company serious financial losses, both directly through income tax upon its officials and indirectly by acting as a clog on the receipts of this company.

With regard to clauses 2 to 10 of his Highness Hakki Pasha's memorandum, they deal mostly with questions of detail which do not appear to call for much comment at the present time. The points raised in clauses 6 and 7 seem quite capable of adjustment.

The Council trusts that His Majesty's Government will continue to vigorously support the very moderate and reasonable requests it makes for the prolongation of the term of concession to 1999, and for the extensions to Beyshehir and Sandikli, and that it will secure without further delay the granting of facilities for the navigation of Lake Egherdir, the urgent importance to this company and the obvious justice of which I have already had the honour of submitting to you.

I have, &c.
RATHMORE, *President.*

[1986] No. 42.

Lord Inchcape to Foreign Office.—(Received January 15.)

Sir,

9, Throgmorton Avenue, London, January 14, 1914.

I HAVE the honour to acknowledge receipt of your letter of the 9th instant.

Mr. Parker spoke to me on the telephone yesterday, and I said I had no objection to the Germans seeing the concession.

As regards the German revise of article 8 of proposed agreement between the Bagdad Railway Company and the Ottoman Government, I venture to hope that this will not be accepted by His Majesty's Government, but that the British draft will be adhered to. Although at the present time it may appear that the Germans having steamers at Mosul and Samara might not interfere with the navigation company, it is difficult to forecast the future. I would be quite prepared to enter into a contract forthwith with the Bagdad Railway Company for the necessary services at Mosul and Samara.

I entirely concur in Sir E. Grey's proposal to dissent from the German contention that the concession was at first intended to be confined to navigation up and down stream, and that it did not extend to transport between the two banks.

I am quite agreeable to a reference to an arbitrator in the event of disagreement between myself and the Bagdad Railway Company as to what constitutes acceptable conditions, and, failing agreement as to arbitrator, that the reference should be to The Hague Tribunal.

As regards point 3 it might, as stated in your letter, render the navigation concession quite nugatory if the Bagdad Railway Company were to have the right to establish ferry services wherever they may be required.

I am, &c.
INCHCAPE.

[2089] No. 43.

Sir L. Mallet to Sir Edward Grey.—(Received January 15.)

(No. 29.)
(Telegraphic.) *Constantinople, January 15, 1914.*

MY telegram No. 11 of 6th January.

Smyrna Company's agents have no knowledge of the note alleged to have been given by the Turkish Ambassador in London to Sir N. O'Conor.

I asked Grand Vizier whether anything new had occurred in regard to Italian application. He replied that nothing had happened, but added that it would be necessary to give them a concession.

He has never said this before, and my impression is that he is now inclined to yield in order to hasten evacuation of islands.

I reminded him of his promise to let me know previously.

My Italian colleague urges on me the advantages of an understanding with English company.

He tells me Austrian Government are asking for a line starting from Alaja and going east.

His Government are obliged to oppose this application as being within Italian zone of operations.

[2096] No. 44.

Sir L. Mallet to Sir Edward Grey.—(Received January 15.)

(No. 34.)
(Telegraphic.) *Constantinople, January 15, 1914.*

SIR R. CRAWFORD tells me Government want to settle Mesopotamian oil question without any further delay. They have had some advantageous offers, including one from Standard Oil Company and from Baron Ward, who states that he is supported by British Government. It must be remembered that they are very hard up for money.

Sir R. Crawford has been put on the committee who are to examine the question and make recommendations. He would like to have some scheme to recommend.

I told him of our engagements to Anglo-Persian Oil Company, to whom His Majesty's Government considered Turkish Government bound. There seems to be deadlock in allotment with German group.

Can I make any suggestion for Crawford's use?

[2068] No. 45.

Sir W. Townley to Sir Edward Grey.—(Received January 15.)

(No. 15.)
(Telegraphic.) R. *Tehran, January 15, 1914.*

YOUR telegram No. 6 of 13th January: Shatt-el-Arab.

The Minister for Foreign Affairs tells me that he is authorised by the Regent and the Cabinet to state in writing that the Persian Government will agree that Persian vessels shall pay tonnage dues on the Shatt-el-Arab, provided that a declaration reserving Persia's riverain rights, which will be made in the same communication, will not be contested. Persia will also give her adhesion to the proposed Turkish Commission, provided that she is not asked to do so in such a way as will prejudice her rights.

I much hope that this *pro formâ* reservation will not be found objectionable. It has been very hard to get the Cabinet to agree to even this. Much capital has been made by the opponents of the present Government out of their acceptance of the frontier agreement, which the general public, and at heart all the members of the Cabinet, refuse to recognise as favourable to Persia. The Ministers feel that they must seize the occasion to rehabilitate themselves a little by making reservation, which can have nothing but an academic value once the Riverain Commission and all that it involves is accepted.

[1838] No. 46.

Sir Edward Grey to Sir R Rodd.

(No. 15.)
Sir, *Foreign Office, January 15, 1914.*

THE Italian Ambassador and Signor de Martino called on the 9th instant and saw Sir Arthur Nicolson. They said that Signor Nogara, who had come specially from Constantinople, had called on Lord Rathmore, with whom was Mr. Slaughter, the solicitor acting for the Smyrna–Aidin Railway Company, but that he had been courteously informed by the former that the company had nothing to discuss with him.

The Marquis Imperiali expressed great surprise at this reception. Sir Arthur Nicolson told his Excellency that he did not deduce from this that the company and Mr. Slaughter had decided not to enter into any conversations.

The Ambassador then proceeded to say that, while the Italian Government would scrupulously respect the rights of the company under their contract, they could not take into consideration the "pretensions" of the company, and that in any case Italy intended to have the port of Adalia. Sir Arthur Nicolson said that he was under the impression that the company had some privileged right of pre-emption over the port, that he was sure the company had no desire to go beyond the rights secured to them, and that he knew that those rights were wide and comprehensive.

The Ambassador hinted that His Majesty's Government might put pressure on the company, to which Sir A. Nicolson replied that Sir Edward Grey had made it clear that they could not do that, but that they would place no difficulties whatever in the way of any arrangement being arrived at between the Italian Government and the company.

The Marquis Imperiali then said that, if Italy did not obtain the port, she would not evacuate the islands; and Sir A. Nicolson observed that in the Treaty of Lausanne there was, he believed, no mention of evacuation being dependent on the grant of concessions.

As the Ambassador was becoming somewhat heated, the conversation was then turned into other channels.

From the enclosed record of the interview furnished by Lord Rathmore it will be seen that the Marquis Imperiali was largely misinformed as to what had actually passed.*

I am, &c.
E. GREY.

[1986] No. 47.

Memorandum communicated to Prince Lichnowsky.

ON the 23rd December a memorandum was communicated by the German Chargé d'Affaires respecting article 8 of the proposed agreement between the Ottoman Government and the Bagdad Railway Company. In this memorandum stress was laid upon three principal points:—

1. The desire of the Bagdad Railway Company to establish connection between the two banks of the River Tigris at Bagdad, Mosul, and Samara, by means of services under its own control.

2. The need for a sure guarantee that satisfactory services will in fact be supplied by the proposed Ottoman Company of river navigation wherever else they may be required by the Bagdad Railway Company, on conditions acceptable to the latter company.

3. The need of reserving to the Bagdad Railway Company the right of establishing, by agreement with the Ottoman Government, ferry services, &c., wherever they may be required.

As regards point 1, His Majesty's Government would observe that the right to establish cable ferry services is already conceded at Bagdad under article 8 of the British revise of the agreement in question, and under article 5 of the draft Anglo-German agreement, as enclosed in the British memorandum of the 15th December, 1913. As regards the proposal of the Bagdad Railway, in so far as concerns the institution of such services at Samara and Mosul, His Majesty's Government have been

* No. 39.

in consultation with Lord Inchcape, and his Lordship is strongly opposed to such an arrangement, though he would be prepared to enter into a contract forthwith with the Bagdad Railway Company for the supply of the necessary services at those places. His Majesty's Government would, moreover, not be prepared to acquiesce in the proposal of the Bagdad Railway Company, which goes beyond the terms of the convention of March, 1903, is inconsistent with the Anglo-Turkish declaration of the 29th July, 1913, and is still more inconsistent with the basis of agreement suggested to His Majesty's Government by the German Government on the 7th May, 1913, where it is laid down that "German subjects should make no claim to participate in the navigation of the Euphrates and the Tigris."

As regards point 2, His Majesty's Government must entirely dissent from the contention that Lord Inchcape's concession was at first intended to be confined to navigation up and down stream, and did not extend to transport between the two banks.

They would suggest that, in the event of disagreement between the Bagdad Railway Company and the Ottoman River Navigation Company as to what constitutes acceptable conditions, provision should be made for reference to an independent arbitrator of foreign nationality, and, failing agreement as to the arbitrator, that the refence should be to The Hague Tribunal.

As regards point 3, His Majesty's Government must base their refusal on the same grounds as are adduced against point 1, as well as upon the additional reason that such ferries, under foreign control, might seriously hamper the river navigation, and thus render Lord Inchcape's concession nugatory.

A copy of the concession has now been communicated to the German Embassy, and His Majesty's Government trust that an early conclusion of the pending negotiations may now be achieved.

Foreign Office, January 15, 1914.

[2256] No. 48.

Note communicated by Hakki Pasha, January 16, 1914.

HAKKY PACHA n'avait pas manqué d'informer la Sublime Porte du contenu du mémorandum que Sir Edward Grey avait bien voulu lui adresser le 15 septembre, 1913, relativement au transfert, au nom du sujet britannique, Mr. Edward Thomas Boxall, et de Suleiman Bey Nassif, du Caire, de certains permis de recherches de sources pétrolifères en Syrie. Il appert des renseignements fournis par le Ministère Impérial des Affaires Étrangères que six permis de recherches pour sources pétrolifères dans le caza d'Adjloun (vilayet de Syrie) avaient, en effet, été délivrés le 20 octobre, 1326 (v.s.) (1910), au nom d'Abdul-Kadir Capani Effendi et de ses associés. Ces permis ont été ratifiés et les délais en ont été prolongés d'une autre année par le Ministère Impérial des Mines à la date du 20 juin, 1327 (v.s.) (1911). Depuis, les autorités du vilayet de Syrie ayant informé ledit Ministère Impérial de la requête des permissionnaires aux fins du transfert de leurs droits aux noms de Suleiman Bey Nassif, notable libanais, et de Mr. Edward Boxall, sujet anglais, le transfert requis a été approuvé par la Sublime Porte et des instructions en conséquence ont été adressées aux autorités locales le 30 juillet, 1329 (v.s.) (1913).

Se basant sur les renseignements ci-dessus transcrits, Hakky Pacha a le plaisir de constater que cette affaire se trouve déjà terminée à la satisfaction du désir exprimé dans le mémorandum de son Excellence Sir Edward Grey.

Ambassade Impériale ottomane, Londres,
le 16 *janvier*, 1914.

2096] No. 49.

Sir Edward Grey to Sir L. Mallet.

(No. 31.)
(Telegraphic.) R. *Foreign Office, January* 16, 1914.

YOUR telegram No. 34 of 15th January: Mesopotamian oil.

Please inform Sir R. Crawford and Ottoman Government that it is not the case that Baron de Ward enjoys support of His Majesty's Government, and that any

arrangement which involved concession of Mesopotamian oilfields to him or the Standard Oil Company would not be regarded as a satisfactory settlement by His Majesty's Government, as stipulated in my memorandum of 10th September to Hakky Pasha. From my telegram No. 29 of 15th January your Excellency will be aware that negotiations for a satisfactory settlement with German interests are progressing, and you might inform Sir R. Crawford that I hope definite proposals can be made to Ottoman Government before the end of this month.

[2089] No. 50.

Sir Edward Grey to Sir L. Mallet.

(No. 32.)
(Telegraphic.) *Foreign Office, January* 16, 1914.

YOUR telegram No. 29 of 15th January: Italian concession.

Interviews are now taking place between Smyrna–Aidin Company's representative and M. Nogara, of which the former will keep us informed, and we have no reason to suppose that an understanding cannot be arrived at.

[2221] No. 51.

Foreign Office to Mr. Greenway.

(Confidential.)
Foreign Office, January 16, 1914.

Sir,

SECRETARY Sir E. Grey has had under very careful consideration the letter which you addressed on the 9th ultimo to the Board of Trade, and the records of the various interviews which you and your co-directors of the Anglo-Persian Oil Company have had at that Department on the subject of the Mesopotamian oil concession.

In your letter of the 9th December you indicate the following four conditions as offering the only basis upon which a 50 per cent. participation would afford the Anglo-Persian Oil Company a sufficient amount of protection:—

1. That a syndicate to prospect and test the Mesopotamian fields be formed with a capital of 100,000*l.* (or, if necessary, 200,000*l.*), 50 per cent. of the capital of which would be taken by the Anglo-Persian group and 50 per cent. by the Turkish Petroleum Company.
2. That the members of this syndicate shall undertake to form a working company with a capital of not less than 1,000,000*l.* should they be satisfied with the examination of the fields, the capital of such company, if so desired by any member, to be raised by a public issue of debentures and/or shares.
3. That the chairman of such syndicate and/or company shall always be nominated by us, and shall have a casting vote, the other members of the board being nominated half by us and half by the foreign group.
4. That the firm of Strick, Scott, and Co. (Limited), of Bagdad, shall be appointed the permanent managing agents of the syndicate and/or company in Turkey.

You are already aware that, since the recent decision of the National Bank of Turkey to disinterest itself in the Turkish Petroleum Company, the Board of Trade have had prolonged and detailed discussions with Herr Stauss, representing the Deutsche Bank group of that company, and that they have been in communication with Mr. Detterding, as representing the Anglo-Saxon group, regarding the settlement of this complicated question.

The Board of Trade have ascertained that, as regards the third and fourth conditions laid down in your letter, there is no prospect whatever that anything His Majesty's Government could do would induce either of the groups to go beyond the proposals already communicated to you at the conference which took place at the Board of Trade on the 28th November.

Sir E. Grey considers, however, that those proposals do in fact offer a reasonable solution of a very difficult problem, and should satisfy Mr. D'Arcy's equitable claims; and he can hold out no hope of obtaining better terms.

The German interests concerned always had certain indisputable claims under the Bagdad Railway Convention of 1903; their claims are based upon a formal convention, those of Mr. D'Arcy upon an oral assurance of later date, of which no record exists in the archives of the Ottoman Government. While His Majesty's Government have been

anxious to secure the best possible terms for Mr. D'Arcy, they are of opinion that the provisions of the above convention do in effect debar him from any claim to a monopoly to the oil wells in the vilayets of Mosul and Bagdad, and that the only possible settlement of this question is by arrangement with the Germans. Moreover, a stage has now been reached in the general negotiations with Germany and Turkey which renders it essential that the Mesopotamian oil question, which is one of the few outstanding points in those regions, should also be settled.

Both therefore on general grounds, and in view of the equitable solution which the settlement proposed appears to His Majesty's Government to offer to Mr. D'Arcy, I am to request that you will be so good as to inform His Majesty's Government at an early date whether the group which you represent are willing to enter into an arrangement on the terms which have been communicated to them, or would prefer to stand out of the Mesopotamian concession altogether, these being, in Sir E. Grey's opinion, the only alternative courses.

I am, &c.
W. LANGLEY.

[2453] No. 52.

Sir L. Mallet to Sir Edward Grey.—(*Received January* 19.)

(No. 10.)
Sir, *Constantinople, January* 7, 1914.

WITH regard to the permanent cession of the islands of Mitylene and Chios to the Greeks, the Turkish Government, besides other objections, put forward the considerable loss of revenue the Turkish Treasury will have to bear should these islands definitely pass out of their hands. Sir R. Crawford has been good enough to give me the following figures, which show the amount of revenue these islands (including Lemnos, Imbros, and Tenedos) contributed annually to the Turkish Treasury before the Italian and Balkan wars :—

——	Mitylene.	Chios.	Lemnos, Imbros, Tenedos.
	£ T.	£ T.	£ T.
Revenues ceded to the Public Debt	43,246	8,934	3,885
Tithe and Taxes	146,552	29,562	22,613
Posts and Telegraphs ..	4,571	2,347	1,617
Customs	28,959	22,748	554
Total	223,328	63,591	28,669

The total contribution to the revenue of the islands of Mitylene and Chios therefore amounted to about £ T. 286,919 per annum. An extensive contraband trade has always been carried on between these islands and the mainland, but it is computed that the Turkish Treasury would suffer more severely if the islands remained permanently in Greek possession. I have heard it stated by Sir A. Block and by Djavid Bey that the loss would probably amount to £ T. 150,000 a year, but this calculation can be only in the nature of guesswork, and is probably exaggerated.

It is feared, however, that the contraband trade would be organised, and that it would be necessary to have Turkish revenue cutters constantly patrolling the waters, and that encounters between the contraband runners and the Turkish military will be frequent, and give rise to incidents.

Economic reasons are not those to which the Turkish Government attach most importance.

They allege that the possession by the Greeks of these islands, which are so near the mainland as to be visible from it, and which, in their view, form part of the Asiatic possessions of Turkey, will serve as the centre of an Hellenic propagandist movement on the coast.

Greeks form a large and economically important part of the population of Smyrna, and are scattered over the neighbouring country. They are active politicians, and, with encouragement of Athens, a Greek sphere of influence would gradually be created upon the mainland. I should not say that this is a probable contingency in any

circumstances which can at present be foreseen, but it is one of the reasons advanced by the Ottoman Government for the necessity of resorting to force at some time or other, if they are in a military and naval position to do so, should the decision of Europe prove unfavourable to their wishes in the matter of these islands, and should they be unable to achieve their objects by negotiation.

On geographical and economic reasons the Turkish point of view is comprehensible and not unreasonable, and, although the prospects are confused, it would seem probable that a compromise, under certain guarantees, would conduce to the maintenance of peace, and would remove one cause of danger in the Balkans. I am unable to affirm, however, that a compromise would permanently satisfy her ambition, and if it is her object to become mistress of the Ægean Sea it would seem unlikely, quite apart from the question of Salonica, that she would in the long run rest content with the reoccupation of Mitylene, Chios, Imbros, and Tenedos alone.

Should all the Powers decide the question in a manner unacceptable to Turkey, the present utterances of Turkish Ministers and the complexion of the Government seem to make it unlikely that the decision will be accepted with equanimity.

Everything, on the contrary, tends to show that she will endeavour to recover possession of Mitylene and Chios at some time or another either by negotiation, and Chios at some time or another either by negotiation or by force. She has, according to the assurances given to me, purchased the " Rio de Janeiro " in order to put her in a better position for negotiating, and it would seem unlikely that they would resort to force until that ship has arrived in these waters, and until they are convinced that negotiations, either direct or indirect, with Greece would be fruitless.

It would be rash definitely to assume, however, that the course which seems probable and reasonable is that which will be followed, and the possibility of the Porte's acquiring at once another vessel of war cannot be altogether set aside. Rumours have been afloat that they have already acquired another ship from Italy, and I was told this morning that Germany had sold them two ships. I only mention this as indicating a possibility.

In certain circumstances, therefore, it might be as well to be prepared for surprises in case the Powers were agreed that a repetition of what happened in regard to Adrianople should be avoided, and were unanimous in making their wishes respected.

I have, &c.
LOUIS MALLET.

[2458] No. 53.

Sir L. Mallet to Sir Edward Grey.—(*Received January* 19.)

(No. 15.)
Sir, *Constantinople, January* 13, 1914.

WITH reference to my despatch No. 1,034 of the 24th December last, I have the honour to state that I attended the Grand Vizier's reception yesterday. His Highness had just seen my Italian and Austrian colleagues. He said that the question of the islands was evidently taking a bad turn. It appeared that the Powers were going to accept your proposal, at any rate in principle, and that Chios and Mitylene were to be taken from Turkey and awarded permanently to Greece.

He wished me to repeat to you what he had often said before, that Turkey could not accept this decision unless the Powers sent their fleets to Turkish waters to impose their wishes by force.

His Highness did not think that this would in the long run be conducive to good relations between Turkey and Greece.

I said that I knew nothing of the decision of the Powers, but that if any decision had been taken I feel sure that it would be in the interests of Turkey to accept it.

I have, &c.
LOUIS MALLET.

[2471]

No. 54.

Sir L. Mallet to Sir Edward Grey.—(Received January 19.)*

(No. 8. Commercial.)

Constantinople, January 14, 1914.

Sir,

BY my telegram No. 67, Commercial, of the 20th ultimo, I had the honour to report that the Germans had informed the Porte of their desire to commence immediate negotiations for the conclusion of a new commercial treaty, and that the Porte, in signifying their willingness to negotiate, had stipulated that the draft Ottoman general specific tariff should be taken as a basis for the negotiations.

I am now informed that the Germans have agreed to the conditions of the Porte, and that discussion will in all probability be entered into as soon as the formal consent of the Powers has been given to the 4 per cent. increase of the Turkish customs duties.

It is believed that the Turkish Government are anxious to bring about simultaneous negotiations with all the Powers for the conclusion of commercial treaties, with a view to bringing the new specific tariff—as modified by such negotiations—into early operation, and, I understand, that they are likely, when the 4 per cent. increase of duty has been granted, to invite the Powers to commence negotiations on the conditions already accepted by Germany. The apparent eagerness shown by Germany to enter into negotiations with the Turkish Government may possibly be attributed to the desire to be the first to conclude a treaty, in the negotiation of which she can afford to leave the discussion of many knotty and important points of contention in matters of principle &c., to others, and rely upon most-favoured-nation treatment for the enjoyment of any advantages which other Powers may have been able to secure in their own and subsequent negotiations with the Porte. This was the evident line adopted by Germany during the negotiations which terminated in the conclusion of the Turco-German Commercial Treaty of 1890, but which, owing to the failure of the Porte to conclude commercial treaties with the other Powers, never, as you will be aware, came into operation.

I am of opinion that, under the circumstances, should the question of commercial treaty negotiations be brought by the Turkish Government after formal adherence has been given to the increase of the customs duties, the Porte should be encouraged to begin such negotiations simultaneously with all the Powers.

I am at present unaware of the views of His Majesty's Government with regard to the Turkish general specific tariff drafted by Sir Richard Crawford, copies of which were forwarded in the Embassy despatch No. 466 of the 29th May, 1912. I venture to think, however, that, should this method of collection of the 15 per cent. customs duty meet with no objection on the part of His Majesty's Government, it may still be necessary to obtain certain modifications as well as considerable reductions in this tariff in favour of British goods and manufactures before it can be applied. I would therefore submit that it might perhaps be well to have the considered views of the Board of Trade as to the nature of the modification and the amount of the reductions in the rates which we shall have to demand in order that we may be in a position to commence negotiations, if necessary, whenever called upon to do so by the Porte.

I have, &c.

LOUIS MALLET.

[2659]

No. 55.

Mr. Slaughter to Mr. Parker.—(Received January 19.)

(Private.)

18, *Austin Friars, London, January* 19, 1914.

Dear Mr. Parker,

VERY many thanks for your note.

For your information, I do not think Signor Nogara is here at all on any commercial matters. I think it is pretty clear from the indications he made to me of what lines the Italians want to build, that they want some kind of coast railways, and probably a port; in fact, I do not know when you see—as I hope you will to-morrow—my description of what Signor Nogara wants, whether you may not want to get the

* Copy sent to Board of Trade for observations, February 2, 1914.

views of the Admiralty. I feel quite an amateur upon these matters, but this is only for your private information.

It seems to me so extraordinary that a man should come to England, acknowledge that he has no concession, that his engineers have hardly begun their investigations, and then come and propose two or three coast lines and the construction of a harbour close to Adalia, where some 3 or 4 miles off he says there are some 18 fathoms of water close up to the shore. I do not know where it is precisely, except that he indicated in a nebulous way that it was to the "east" of Adalia. You may rely upon me to keep you fully posted about Signor Nogara. Meanwhile, I send you copies of two communications he has sent to me.

Yours truly,

W. CAPEL SLAUGHTER.

P.S.—If you would like me to report formally to the Foreign Office, please indicate how you would like it made.

W. C. S.

Enclosure 1 in No. 55.

Signor Nogara to Mr. Slaughter.

Savoy Hotel, London, January 16, 1914.

Sir,

AS I promised you, I have the pleasure of herewith including a short note for your personal use on the question which brought me here.

My Ambassador, when I came here, told me that I could entirely rely upon your ability for carrying through this business in perfect unity with the views of the British Foreign Office and the Italian Government; besides, I think that what I ask from the Ottoman Railway from Smyrna to Aidin is reasonable, and does not interfere with their rights, and at the end might turn out to their advantage.

I shall be back on Tuesday morning, and shall await a word from you at the Savoy Hotel.

Thanking you for your kindness, believe me to be

Yours truly,

NOGARA.

Enclosure 2 in No. 55.

Memorandum.

(Private and Confidential.)

IN the month of July 1913 the Società Commerciale Industriale e Finanziaria made a demand and obtained from the Imperial Ottoman Government the exclusive right running over a period of five years to make, first, investigations, and afterwards to prepare projects for the construction of railway lines and harbour works in the region of Asia Minor, situated south of the railway line belonging to the Ottoman Railway from Smyrna to Aidin.

The Società having obtained the support of the Italian Government, decided to transform its rights of investigations and studies into final concessions, and for this purpose the necessary steps have already been taken.

The concession asked for by the Società include the following:—

1. The port of Adalia and the railway lines leaving from Adalia for Istanos, Elmaly, Kizilkaia Bazaar, Urgudly, to the north, and for Istavros, to the east, all points being outside the zone of protection of 40 kilom. belonging to the traffic of the Ottoman Railway.
2. Harbour works at Makri, situated in the homonimous bay, and also railway lines from Kakri to Moughla, and from Makri to the valley of the Sirbis, and the natural extension in that valley.
3. No line will run parallel to the zone of 40 kilom. belonging to the Ottoman Railway.

The Ottoman Ministry of Public Works declared to the Società that the Ottoman Railway objected to such concessions being granted, considering that they interfered with the rights which it had acquired through their conventions, and consequently the Ministry had to postpone its decision.

M

The Società, for the purpose of overcoming these reasons for postponement, desires to enter, if possible, into an agreement with the Ottoman Railway to remove the above-mentioned objections of the Turkish Government.

In compensation for such service on the part of the Ottoman Railway, the Società would be disposed to allow the Ottoman Railway, in case the latter decided to construct the line Burdur–Adalia, the right—under conditions to be mutually agreed upon—to run their trains on such section of the Società's lines which it would suit the Ottoman Railway to utilise for the purpose of reaching Adalia. Furthermore, the Società undertakes already now to allow, in the harbour of Adalia, to the goods carried to or from Burdur to Adalia, the same treatment to which are subjected the goods carried on the Società's lines.

It ought furthermore to be agreed between the Ottoman Railway and the Società that the former will not renounce their preferential right on the Burdur–Adalia section, nor will they cede such right to third parties, without having previously consulted the Società, who will have a preferential right thereon.

Enclosure 3 in No. 55.

Signor Nogara to Mr. Slaughter.

Savoy Hotel, London, January 16, 1914.

Sir,

READING over my memorandum I have just sent you, I find that the nature of the service I refer to in my page 2 has not been clearly stated. In order to remove any possible misunderstanding, I wish to be precise, that all I ask from the Ottoman Railway from Smyrna to Aidin is a statement confirming the indisputable fact that the concessions I am asking from the Ottoman Government do not infringe in any way the rights acquired by the above company with the convention of 1906. As my demand is based on truth and fairness, I trust I shall have no objections.

Yours faithfully,
NOGARA.

[2742] No. 56.

Note communicated by Count Benckendorff, January 20, 1914.

(Confidentielle.)

SI les pourparlers au sujet de la mission militaire allemande aboutissent à un résultat satisfaisant, le Gouvernement Impérial ne verra plus d'obstacles à ce que son arrangement économique et de chemins de fer avec la Turquie soit signé sans retard.

Il y est fait mention, entre autres, du consentement principiel du Gouvernement russe d'admettre le 4 pour cent de surtaxe douanière lorsque les autres Puissances y auraient donné leur adhésion.

Mais le Cabinet de Saint-Pétersbourg s'étant entendu avec ceux de Londres et de Paris que la surtaxe ne serait admise qu'après entente entre ces trois Cabinets, M. Sazonof serait reconnaissant de connaître le point de vue du Gouvernement anglais à ce sujet.

Il espère que Sir Edward Grey ne verra pas d'objections à ce que le consentement en principe du Gouvernement Impérial soit donné sans retard.

La surtaxe n'entrerait, d'ailleurs, en vigueur que du jour de son acceptation par toutes les Puissances.

Ambassade Impériale de Russie, Londres,
le 19 janvier, 1914.

[2823] No. 57.

Lord Inchcape to Mr. Parker.—(Received January 20.)

9, *Throgmorton Avenue, London,*
January 19, 1914.

My dear Parker,

I CALLED on Hakky yesterday, but he was laid up, and he sent me a note, copy of which I enclose, together with copy of my reply.*

* Not printed.

We must be making arrangements soon to start taking over the fleet and property, and to get the working arranged as soon as your major agreement is settled.

Lynch is still laid up, and we cannot get on with the management company in consequence. It is rather important that I should get the concern into my own hands, and that the management company should be brought into existence and ready to take over from me before the statutes are finally agreed, as it will put us in a better position to insist on our own views regarding the statutes, and it will also enable us to meet any possible objection of the Turks to the management company being purely British, which they possibly do not yet fully recognise, if the steamers are actually taken over and being worked by the management company.

Perhaps you could stir up Hakky to submit his inventory. Of course I can take over before the value is agreed, but it might save friction hereafter if we could come to terms as to value before I take over.

Yours sincerely,
INCHCAPE.

[2824] No. 58.

Mr. Slaughter to Mr. Parker.—(Received January 20.)

18, *Austin Friars, London, January* 20, 1914.

Dear Mr. Parker,
SMYRNA.

Enclosed I send you copy of my letter of yesterday's date to Signor Nogara, together with draft of my letter to Lord Rathmore, which is referred to in it. The tracing referred to is being made and will be sent up to you by hand later.

Yours, &c.
W. CAPEL SLAUGHTER.

Enclosure 1 in No. 58.

Mr. Slaughter to Signor Nogara.

January 19, 1914.

Dear Signor Nogara,

I AM in receipt of your letters of the 16th instant and the memorandum you were so good as to enclose for my personal perusal.

Our interview on the 15th instant demonstrated the difficulty you had in responding to the suggestion that you should put in writing your desiderata and forward it to the company together with a copy of the permit or concession which you obtained from the Turkish Government; but now that you have verbally explained your ideas to me, it has devolved upon me to put your desiderata in writing, because Lord Rathmore will wish to consider the matter with his colleagues, and I could not possiby explain to each of them verbally what it is you wish. I therefore send you herewith my letter to Lord Rathmore which I propose to write, with the accompanying plan, and if there is anything incorrect in what I have written, I shall be glad if you will kindly make any corrections needed and let me have the draft letter back with any corrections you desire made before Friday next, on which day Lord Rathmore is meeting his colleagues.

Yours, &c.
W. CAPEL SLAUGHTER.

Enclosure 2 in No. 58.

Draft Letter to Lord Rathmore.

[Modified in accordance with Signor Nogara's suggestions as stated in Mr. Slaughter's letter No. 3106 of January 21, 1914.]

Dear Lord Rathmore,

AS I wrote to Mr. Cooke on the 14th instant, Signor Nogara called on me on the 15th instant and explained that he had great difficulty in putting in writing what it was he wishes you and your colleagues to consider.

In the first place I understand Signor Nogara to be the representative of a

PUBLIC RECORD OFFICE, LONDON

financial société favoured by the Italian Government, ~~who are desirous of obtaining from the Turkish Government rights to construct railways in Asiatic Turkey, and particularly in the district of Adalia,~~ *who have obtained from the Turkish Government and for a period of five years the exclusive right to investigate and propose railway and harbour works in Asiatic Turkey, and in particular in the districts of Adalia and Makri, and this in view of obtaining the final concessions.*

No concession has yet been granted to Signor Nogara or the société, and the reason Signor Nogara has approached your company is that his original negotiations with the Turkish Government have led him to believe that, ~~unless some arrangement can be made with your company,~~ their request for concessions ~~will be~~ *has been* met by the Turkish Government representing that ~~they are under some obligation to your company which prevents them from acceding to Signor Nogara's wishes~~ *your company have raised objections to such concessions. Therefore, Signor Nogara's wishes are to state, firstly, that the concessions asked for by him do not at all interfere with the rights acquired by your company; and, secondly, that some arrangement can be made to meet the wishes of your company in view of future good proceedings between the two parties.*

In order to make clear what Signor Nogara outlined to me as what it is he would like your company to agree to, I have had a tracing made of the plan Mr. Cooke was kind enough to send me, and I enclose same herewith.

The lines *for which* Signor Nogara ~~desires his société to have the~~ *has applied for* concessions to build are shown in violet ink on the tracing enclosed, but it is right to say, with regard to the line from Adalia to Kiselkaia and then towards Foulla and then back from there southward to Elmalu, Signor Nogara stated that he would ~~prefer to build a line from Adalia to Kiselkaia and thence to Foulla,~~ grant~~ing~~ your company *under certain conditions to be further agreed upon*, running powers thereover if you decided to build southwards and link up your line with ~~his~~ *Adalia;* but that, supposing objections were made in regard to building that portion of the line from Adalia to Kiselkaia, ~~he would propose to build~~ the line *which could be built* (*as* shown in dotted green) from Adalia to Yazir and thence going northward to Istanos and thence to Kuribdie and so to Foulla, and then going south from Istanos to Elmalu; *but this latter scheme will meet with more technical difficulties, and your company will not have the same advantages as from the first scheme referred to.*

Signor Nogara added that he had already opened to you the subject of building from Adalia to Foulla viâ Kiselkaia, and you had expressed the view that without further advice it might be detrimental to your company, and the conversation then turned to the discussion as to whether your company ~~could be advised that~~ *had the right to prevent* Signor Nogara and his friends ~~might,~~ so far as your company was concerned, *to* build whatever railways they liked in a zone to the south of a line drawn from Mougla on the west to ~~Assarkeui~~ *Urgudlu* on the east, ~~his société not building west of Mougla or east of Assarkeui.~~

With regard to the establishment of a port at Adalia, Signor Nogara stated that ~~the depth of water there was hardly sufficient to encourage them to build a harbour there, but at some point (I think he said to the east of Adalia) there were 18 fathoms of water quite close up to the shore, and that they would probably, if they did anything at all, make their port there~~ *no objections have been raised by anybody, nor by the Ottoman Government, but that the depth of water there was too great to encourage them to meet an outlay of large capital, such as the building of a harbour on that spot would require, but at some other point near Adalia harbour arrangements ought to be carried through in order to ensure railway traffic.*

Signor Nogara thinks that this harbour may in future be useful to your railways, and he thinks, therefore, that there ought to be no reason of alarm for your company in his proceedings with the Imperial Ottoman Government.

[3223] No. 59.

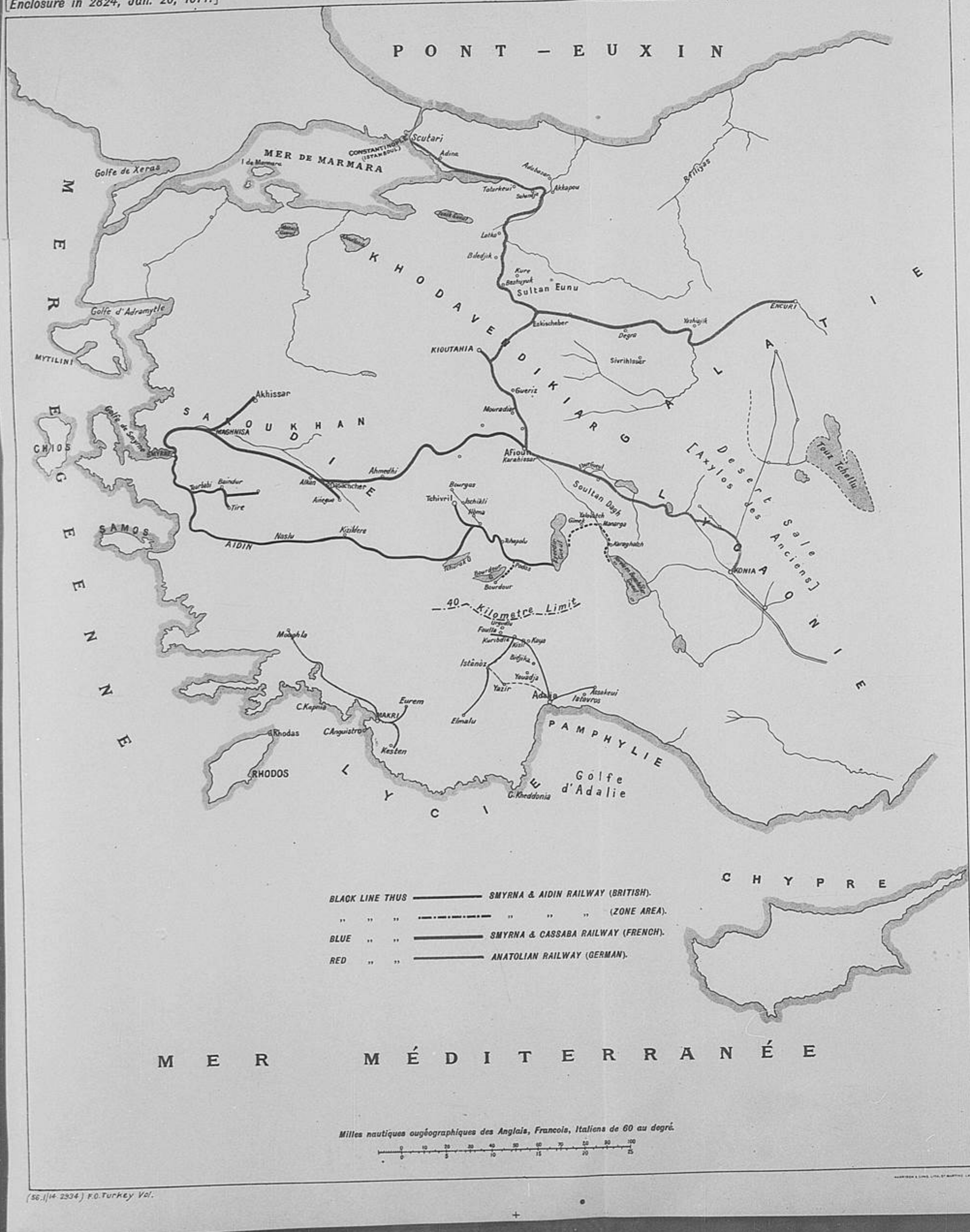
Sir Edward Grey to Sir F. Bertie.

(No. 33.)

Sir *Foreign Office, January* 20, 1914.

M. CAMBON said to-day that the French discussions with Germany about railways in Asia Minor had progressed. There was now only one point unsettled, and it was not one of the most important points. M. Doumergue was most anxious that we should not sign our agreement with Germany before the French signed theirs. As regards the arrangements with Turkey, France had initialled those, but it was desirable

[Enclosure in 2824, Jan. 20, 1914.]



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that the British and Russian and French agreements with Turkey should all be signed simultaneously.

I told M. Cambon that I had heard nothing of these agreements for some three weeks. My impression was that we had actually signed most of our agreements with Turkey, but the one about the Bagdad Railway still remained to be signed, because Turkey must first make an agreement with Germany on that point. I would enquire in the Department how things stood with regard to this and our pending agreement with Germany.

I am, &c.
E. GREY.

[2740] No. 60.

Sir Edward Grey to Sir L. Mallet.

(No. 37. Confidential.)

Foreign Office, January 20, 1914.

Sir,

HERR VON SCHUBERT, Secretary of the German Embassy, called here on the 15th instant to inform me, in strict confidence, that the German Government had been disagreeably surprised to hear that the question of Armenian reforms had been reopened at Constantinople. When the German Ambassador there went on leave, a fortnight ago, he was under the impression, and so were his Government, that the question at that stage had been settled. The German Chargé d'Affaires at Constantinople had now reported that the Russian Ambassador there, when on the point of going on leave, had been stopped and instructed to make the following demands of the Turkish Government :—

1. That the names of inspectors under the reform scheme were to be submitted to the foreign Governments.

2. That the provision that 50 per cent. of the officials should be Mussulman and 50 per cent. non-Mussulman should be a permanent arrangement, and not provisional as had been settled.

3. That soldiers should serve their time in the army in the districts from which they came.

4. The Russian Government urged that legal reforms should at once be introduced.

Herr von Schubert added that, in the opinion of the German Government, demands (1) and (4) were new, and demands (2) and (3) would not be acceptable to the Turkish Government.

On the same day the Turkish Ambassador spoke to Sir A. Nicolson on the subject, and has subsequently addressed to him the two letters, of which copies are enclosed herein.*

The points mentioned by Tewfik Pasha differ entirely from those referred to by the German Embassy, and I should be glad to receive any observations your Excellency may have to offer on the subject.

I am, &c.
E. GREY.

[2823] No. 61.

Mr. Parker to Lord Inchcape.

Foreign Office, January 20, 1914.

My dear Lord Inchcape,

MANY thanks for your letter of yesterday. I am sorry that Hakki Pasha and Mr. Lynch are ill as I feel it is important to make progress now.

As to the Management Company, I have to-day had a visit from Colonel Picot who tells me that a meeting of the Lynch interests is to take place this week, as Mr. Lynch has sufficiently recovered, to consider the draft agreement with you, and to submit any necessary comments to you. Colonel Picot mentioned to me that the Lynch interests would like to include, in broad outline, the working agreement in this

* Not printed.

agreement, leaving for subsequent arrangements such details as cannot now be settled. Personally I do think this would be desirable as a working agreement is vital to the future of the Euphrates and Tigris Company, and was a condition of the Foreign Office memorandum of the 19th May, 1913.

While on this point of the working agreement, I should like to mention to you a consideration of some importance. The new Ottoman Company has very favourable customs immunities by comparison with the British Company. I tried hard with Hakki Pasha to get similar immunities for the British Company but failed; I do think, however, and I am sure this is the view of the authorities here, that, in view of htis failure some allowance should be made in the working agreement for the disparity to customs treatment of the two Companies, as otherwise, in view of the valuable customs concessions we have obtained for the Ottoman Company, the British Company will work at a great disadvantage. The whole idea of His Majesty's Government was fo secure a general settlement of the navigation question, and while I realise that it may involve very complicated actuarial calculations in the working agreement to make a just allowance to the British Company for the disadvantage it is now under in consequence of the favourable conditions obtained for the Ottoman Company, I do not see how a general settlement of the navigation question would be effected without allowing, in the working agreement, for this inequality of customs treatment.

My reason for writing to you as above is that as you attach importance to the Management Company being brought into existence before the statutes are finally agreed time is very short. I think we should try and get the statutes agreed before beginning negotiations with the Germans.

I am, to save time, sending copies of this letter to the Board of Trade and to Messrs. Waltons and Co.

I will write to-day to Hakki Pasha about the inventory as you desire.

Yours, &c.
ALWYN PARKER.

[3013] No. 62.

Mr. Slaughter to Mr. Parker.—(Received January 21.)

18, *Austin Friars, London,*
January 21, 1914.

Dear Mr. Parker,

SMYRNA. Many thanks for your letter of yesterday's date.

I saw Lord Rathmore with regard to Signor Nogara's proposals. Lord Rathmore certainly objected to the line from Adalia to Kizilkaia, and I think with some reason, but I do not think that the board will wish to agree to anything without technical advice, although I think they will go to the length of saying that the coast-lines appear to them not to conflict with their rights, and that, subject to the report of their technical advisers, they would hope to be able to give their consent.

I cannot help thinking that the line from Adalia to Kizilkaia is put forward rather as a "blind," because when I saw Signor Nogara he kept dwelling upon the coast-lines, and that is why I told you that, as he was doing so admittedly without engineer's advice on the subject, I could hardly see how he could be proposing those lines as a commercial proposition.

Yours faithfully,
W. CAPEL SLAUGHTER.

[3134] No. 63.

Mr. Parker to Lord Inchcape.

My dear Lord Inchcape,

Foreign Office, January 21, 1914.

THANK you for your letter of the 21st January.

As to working agreement, I know it is difficult to frame one at this stage even in outline, but it is a matter of vital importance to the Lynch interests, as being the weaker party to the settlement proposed; it is specifically mentioned in the Foreign Office memorandum of the 19th May last; and we do attach great importance to it.

As a general stipulation of importance, the proportion in which the cargo is to be divided between the two companies seems a matter which, in principle, even now might be included in a working agreement.

[2987] No. 61*.

Mr. Silley to Foreign Office.—(Received January 21.)

Sir,

Constantinople, January 17, 1914.

I BEG to refer to your communication of the 9th September, 1913.

On my return to Constantinople, end of October 1913, I found the Turkish authorities were apparently anxious to comply with their mining laws and clear up without delay all outstanding matters relating thereto.

Under these circumstances the assistance sought by my letter of the 3rd September ultimo not only seemed unnecessary but inopportune.

Due to circumstances and influences which it is hard to trace or understand, the Turkish Government does not seem disposed to give practical expression to their own earnest desire to comply with their own mining laws.

In view of above, and in answer to your letter of the 9th September ultimo, I beg to note:—

I have option rights on, and therefore am interested in, the following petroleum claims, the position of which is as follows:—

Province of Bagdad, kaza of Samara, situation Tekrit.

Initial petition made for claim 8 Mart, 1327 (22nd March, 1911). All formalities, including surveys, reports, fees paid, completed, except for actual delivery of the Roushat Nahmé. The interested parties petitioned the Sublime Porte 28 Maïs, 1328 (11th June, 1912). The Sublime Porte put the subject before the Council of State (Conseil d'État), who gave an unanimous decision in the petitioners' favour 23 Kianoun-ewel, 1328 (6th January), Masbata No. 1546. The Sublime Porte communicated this decision to Ministry of Mines 27 Kianoun-ewel, 1328 (10th January, 1913). Business in same position since this date.

Province of Bagdad, kaza Delaime at Hit.

Initial petition and demand made 1 Choubat, 1326 (14th February, 1911). All formalities, including surveys, reports, fees paid, completed, except for the actual delivery of the Roushat Nahmé. The interested parties petitioned under date 31 Maïs, 1328 (14th June, 1912). The Sublime Porte submitted the case to Conseil d'État, who gave an unanimous decision in favour of the petitioners. Number of Masbata 1546, date 23 Kianoun-ewel, 1328 (6th January, 1913). Under date of 27 Kianoun-ewel (10th January, 1913) the Ministry of Mines was advised of this decision, in spite of which nothing further has been done in the matter.

Province of Mosul, at Hamman Ali.

Initial claim and demand made 1 Choubat, 1326 (14th February, 1911). Interested parties petitioned Ministry of Mines 1 Eiloul, 1327 (14th September, 1911). 30 Eiloul, 1327 (13th October, 1911), by communication No. 12818/20, the Mosul authorities were instructed by the Ministry of Mines that the business was in order and that they were to proceed to complete the formalities. Subsequently, under date of 15 Mart, 1328 (29th March, 1912), the Sublime Porte advised the provincial authorities to allow the matter to remain *statu quo*.

Province of Mosul, sanjak Kerkook, kaza Salaïhé at Kifri.

Initial claim made 1 Choubat, 1326 (14th February, 1911). Petition made 1 Eiloul to Ministry of Mines. By communication No. 12989/23, 1 Techrin-ewel (14th October, 1911), the Mosul authorities were ordered to complete the formalities. Subsequently the Sublime Porte instructed the local authorities to allow matters to remain as they were.

Bagdad at Mendeli.

Claim made 31 Tamouz, 1326 (13th August, 1910). Survey and other formalities completed, except payment of fees and obtention of respective Roushat Nahmé.

I am directly interested as half-owner, my name appearing in the original petitions, in the following four petroleum claims, for which petitions have already been made :—

Province, Mosul; sanjak, Kerkook; situation, Babagurgur.

Province of Basra: 1 at Zubeïr, 1 at Eulmoukaïsh, and 1 at Elhoofooph; sanjak of Nedjed.

All of above claims have been made, and are being obtained in accordance with, and in virtue of, "Règlement des Mines, sanctionné par Iradé Impérial" 26th March, 1906.

In view of the great expense and trouble I have had in obtaining above options against keen competition from American, Russian, and other foreign firms anxious to obtain control of these rights, and of the very large direct interest I have in the claims in which my name appears, I beg that His Majesty's Government will see fit to give me such support and assistance as may be necessary to secure from the Turkish Government prompt and ready compliance with the dispositions of their own mining laws in relation to above petroleum claims, and that there shall be no more prejudicial delay on their part in complying with said laws.

I have, &c.
R. H. SILLEY.

I believe the Euphrates and Tigris Company now handle about half of the cargo and passenger traffic on the river. The other half is, I understand, dealt with by the Nahrieh Company.

Our feeling is that this proportion should be maintained up to the maximum capacity of the Euphrates and Tigris Company. As the capacity of that Company is limited, and the maintenance of such a proportion would necessarily be confined to the maximum capacity, the new Ottoman Company would not be under any great disability in view of the great development of trade anticipated.

As to customs, the Nahrieh Company under Turkish management, even with immunities, was not a severe competitor of the Euphrates and Tigris Company compared to what the new Ottoman Company will be under British management.

There are two ways in which the disparity of customs treatment might be dealt with in the working agreement,—perhaps there are more. There might be a direct compensating allowance to the British Company, corresponding to the value of the customs immunity enjoyed by the new Ottoman Company. There might be a provision that the freight charges should be such that allowance would be made for the inevitably heavier working expenses of the Euphrates and Tigris Company, by reason of its customs burdens, and it might be agreed that the rates would not be cut so as to debar the said Company from making a reasonable profit. In default of some such arrangement the new Ottoman Company will obviously be in a position, in view of its customs immunities alone, to squeeze the British Company off the river, thus involving the disappearance of the British flag, to which we attach great political importance. I am not suggesting that this is even contemplated, but the matter is obviously vital for the Euphrates and Tigris Company.

Hakki Pasha has just telephoned to me to say that he has received the statutes to-day, and I shall see him to-morrow afternoon when he has examined them. But I believe he is free to-morrow, in case your lawyers wish to make an appointment with him, and, as time presses, I send them a copy of this letter.

I do not quite see how the management can be taken over by you until the concession becomes operative, *i.e.*, until our agreements with Turkey can be ratified.

Yours sincerely,
ALWYN PARKER.

[3134]

No. 64.

Lord Inchcape to Mr. Parker.—(*Received January 22.*)

9, *Throgmorton Avenue, London,*
January 21, 1914.

My dear Parker,

I HAVE your letter of 20th, and am glad to hear Lynch has sufficiently recovered to be able to go into the draft agreement.

In regard to a working agreement between the Anglo-Turkish and the Euphrates and Tigris, I am very doubtful if it will be possible to frame even the outline of a working agreement at present, and I am not quite sure that I could, from the Anglo-Turkish Company point of view, consider the question of customs immunities which it will have in making an arrangement for traffic with the Euphrates and Tigris. I cannot see how the British Company will work at any greater disadvantage than hitherto through the Anglo-Ottoman Company being free from customs duty on their coal, as, of course, the Nahrieh Company has always been in this position.

I have a letter from Hakki, copy of which I enclose. He says nothing about having had the statutes back from Constantinople, but you will see that he intends to press for the inventory.

Yours sincerely,
INCHCAPE.

Enclosure in No. 64.

Hakki Pasha to Lord Inchcape.

Claridge's Hotel, Brook Street, London,
January 19, 1914.

My dear Lord Inchcape,

MANY thanks for your kind letter of 18th, which I received only to-night. As for the inventory I have already wrote to Constantinople about it. If the instructions

mailed the 15th instant are silent on the inventory question, I will telegraph again to recall it. I hope to be able very soon to settle all these matters.

Truly yours,
I. HAKKI.

[3120] No. 65.

India Office to Foreign Office.—(Received January 22.)

Sir, *India Office, January 21, 1914.*

1 AM directed by the Secretary of State for India to forward, to be laid before the Secretary of State for Foreign Affairs, copy of the correspondence regarding the desire of the Sheikh of Koweit for some further assurance from His Majesty's Government as to their attitude in the matter of the succession.

Anything of the nature of a dynastic pledge would involve a departure from the settled policy of His Majesty's Government, and, though each case must doubtless be considered on its merits, strong justification would be required for any radical departure from it. But the purely personal assurance in guarded language which the Government of India recommend does not, in the Marquess of Crewe's opinion, partake sufficiently of the nature of a dynastic pledge to be open to objection *à priori*, and, positively, it seems to him to be very desirable to make such arrangements as will ensure that the successor selected by the Sheikh will be acceptable to His Majesty's Government. As, therefore, there is nothing in the proposed assurance which in his opinion conflicts with the Anglo-Turkish Convention he trusts that Sir E. Grey will accord it his approval.

I am, &c.
T. W. HOLDERNESS.

Enclosure 1 in No. 65.

Lieutenant-Colonel Sir P. Cox to Government of India

(Confidential.)

Sir, *Bushire, November 9, 1913.*

I HAVE the honour to revert to the question of the Sheikh of Koweit's desire for a dynastic guarantee, last referred to in the Government of India's telegram of the 9th August to His Majesty's Secretary of State.

Since our interview in the Shatt-el-Arab on the 7th July, and the despatch of my letter of the 10th idem to Government, Sheikh Mubarak has repeatedly asked the political agent whether there was any reply from Government on this point, and at my recent visit he reverted to the subject of the convention generally and the question of succession in particular.

2. I was glad to find that he had quite reconciled himself to the presence of the Turkish agent and agreed with us that the chances were that he would generally be able to keep the agent in his pocket, as Sheikh Khazal does the Persian karguzar, while if the agent gave trouble he would be able to get rid of him with our assistance.

As regards the customs contingency, too, he realised that it was remote at present, and that, relying on our co-operation when the time came, he would not concern himself about it meanwhile.

In the matter of the reception of foreigners, *e.g.*, Messrs. Wönckhaus, he readily accepted our view, and would admit none except under our advice.

3. He then turned to the question of the succession, and asked me what Government had said on that point. I replied that they had apparently not found it possible to give me any special reply or instructions.

I went on to explain to him that His Majesty's Government naturally had to be very chary of committing themselves to guarantees of this sort for all time and without conditions to safeguard them in certain eventualities, and that in his case, seeing that the Turks had agreed in the present convention to abstain from all interference in the question of succession, it was consequently simply a matter concerning himself and us, and I did not quite see what reason he had to be anxious about it. Thinking it a pity to lose the opportunity of getting at his real feelings, I continued that Captain Shakespear and I would, as he knew, shortly be going home on leave, and that we

three might not have another opportunity of a quiet talk together, so could he not, now that we were on the subject, confide to us what he really had in mind so that we might understand the position exactly and be in a position to make any further explanation to Government that might be indicated. He readily responded. He said he quite understood the difficulty of His Majesty's Government in such questions and did not want to nominate anybody now as his presumptive successor, nor did he press for anything in writing, but that what exercised him was the thought, or the fear, that when the time came for him to go some individual or individuals from among his family or kinsmen, who found themselves disappointed, might engineer active discord which, if we held aloof, might rack the principality and undo his lifework as Sheikh in the direction of consolidation and improvement. What he so much wanted was to be able to feel assured that when he joined the majority, provided that we had no reason to differ from his wishes at the time, or his testamentary dispositions if he went suddenly, we would, in case of necessity, stand by, and even intervene to regulate the situation.

We told him that we quite appreciated his point of view and would place it fully before Government for sympathetic consideration.

4. I venture to think that it would not be difficult to find a formula that would set the mind of our venerable protégé at rest, and I much hope that Government will see their way to devise one which will have that effect without inconveniently committing themselves.

I have, &c.
P. Z. COX, *Lieutenant-Colonel, British Resident in the Persian Gulf, and His Majesty's Consul-General for Fars, &c.*

Enclosure 2 in No. 65.

Government of India to Lieutenant-Colonel Sir P. Cox.

(Telegraphic.) P. *Simla, November 26, 1913.*

KOWEIT.

With reference to your letter of the 9th November.

Kindly send a draft of the formula which in your opinion would be suitable to satisfy the Sheikh.

Enclosure 3 in No. 65.

Lieutenant-Colonel Sir P. Cox to Government of India.

Sir, *Bushire, December 7, 1913.*

I HAVE the honour to reply to Foreign Department telegram, dated the 26th November, 1913, regarding Koweit succession.

2. I think we might write to the Sheikh as follows :—

"Whereas under the terms of the Anglo-Turkish Convention the two Governments have agreed that—

"'. . . . In event of decease the Imperial Ottoman Government will designate the successor of the deceased Sheikh, kaïmakam by Imperial Farman . . . . ,' and whereas your Honour has urged that this wording affords no assurance to yourself that your 'successor' in the rulership of Koweit be from among the heirs of your body, and have asked the British Government to reassure you with an undertaking to that effect, the great Government have considered the matter, and I am to inform you as follows :—

"'The British Government have recognised the statesmanship and wise control with which you have conducted your administration, and have fully appreciated the friendliness and cordiality with which you have always endeavoured to co-operate with them in their mission of promotion of order and good government on the shores of the Persian Gulf, and in return for which they have been glad to support you in your legitimate aspirations for increasing the prosperity and civilisation of your principality. They therefore regard you as a true friend, whose wishes for the future of his possession they would in principle be glad to support. You will understand, however,

that it would be impossible for Government to commit themselves blindly to support the successor of your choice, whoever he might prove to be be. They have no objection, however, in amplification of the passage in the Anglo-Turkish Convention above quoted, to assure you that, provided that during your lifetime you will keep them confidentially informed of your wishes regarding the designation of your successor, and provided that your nominee has their approval as well as your own, they will give him their moral support and endeavour to ensure that on your demise your principality shall be immune from dissension in connection with your nominee's succession. It will be understood this assurance is given to your Honour personally in recognition of the closeness of the relations which have existed between the British Government and yourself.'"

I think something on these lines would satisfy him, and does not appear to involve us in any more portentous action than that we should probably take in any case.

I have, &c.

P. Z. COX, *Lieutenant-Colonel, British Resident in the Persian Gulf, and His Majesty's Consul-General for Fars, &c.*

[*Note.*—The above was written by Sir P. Cox before his departure.—J. G. LORIMER.]

Enclosure 4 in No. 65.

Government of India to the Marquess of Crewe.

(Telegraphic.) P. *January* 3, 1914.

PLEASE refer to letter of the 7th ultimo from Sir P. Cox, of which a copy was enclosed in my Foreign Secretary's letter of the 25th idem: Koweit succession.

If your Lordship sees no objection, we propose to authorise a communication to Sheikh in sense proposed by Cox.

[3146] No. 66.

Sir L. Mallet to Sir Edward Grey.—(Received January 22.)

(No. 51. Very Confidential.)
(Telegraphic.) *Constantinople, January* 22, 1914.

MY telegram No. 48 of 22nd January.

Impression that no agreement has been arrived at has been strengthened by fact that commercial negotiations are at a standstill, Bulgaria insisting on a customs union, or a larger measure of free trade. There is some reason to think commercial and political negotiations are more or less interdependent.

It is quite possible that Bulgarian Minister is sincere in his statement that rapprochement between Bulgaria and Servia would ease the situation for a time, but effect on Greece should not be overlooked.

With regard to finance, Crawford very despondent. Günther is strongly urging Turks immediately to apply 4 per cent., in order, of course, to set free revenues for Bagdad Railway. There can be hardly any doubt that, if Turks act on this advice, Germany would content herself with a protest only.

[2157] No. 67.

Sir Edward Grey to Sir R. Rodd.

(No. 24.)
Sir, *Foreign Office, January* 22, 1914.

WITH reference to my despatch No. 15 of the 15th instant, I have to inform your Excellency that Lord Rathmore and Mr. Slaughter called at this Office on the 12th instant, and were received by Sir A. Nicolson.

They stated that on the 9th instant they had had a conversation of half-an-hour or so with Signor Nogara, who, however, had not expressed clearly or definitely the wishes of the Italians, and was evidently anxious to ascertain what the Smyrna–Aidin Railway Company would be willing to give up.

Signor Nogara admitted that no line could be constructed from Adalia without the consent of the company, and expressed the opinion that the latter would be perfectly justified in neither building the line nor permitting any one else to do so. It would be an exceedingly expensive and unremunerative undertaking, and Signor Nogara said that he spoke as one having engineering experience.

He further observed that the construction of a harbour at Adalia would be a large undertaking on account of the shallowness of the water, and hinted that what the Italians wanted were some mining or forest concessions.

Lord Rathmore observed to Sir A. Nicolson that the company had no intention of giving their consent to the construction by anyone else of a line from Adalia to unite with the Smyrna–Aidin system, or of building one themselves, an enterprise which would be far too costly for them, while if constructed by a third party, it would compete unduly with the Aidin line when the Adalia railway was eventually got into working order and carried into the interior. But the same arguments did not apply to local lines round Adalia; and as a result of the conversation Sir A. Nicolson was able to tell Lord Rathmore and Mr. Slaughter that he would inform the Italian Ambassador that they were quite ready to examine any proposals which Signor Nogara might wish to put forward in writing, and that discussions would be facilitated if the latter would let them know what concessions the Italians had actually obtained from the Turkish Government.

Sir A. Nicolson told the Marquis Imperiali this on the same day.

I should add that the company believe that an undertaking was given that they should have an option for the construction of harbour works at Adalia, but no document can be found recording this, so that no claim can be based on it.

I am, &c.

E. GREY.

[3315] No. 68.

Sir L. Mallet to Sir Edward Grey.—(Received January 23.)

(No. 52.)
(Telegraphic.) R. *Constantinople, January* 23, 1914.

YOUR telegram No. 37 of 19th January.

I agree as regards formula covering charitable institutions.

French Chargé d'Affaires has caused agreement about pecuniary claims to be read to a member of the embassy.

Memorandum with full details follows by post to-day. French Chargé d'Affaires would prefer any further enquiries about recent agreement to be made in Paris.

Agreement deals with all contentious claims prior to 24th July, 1908.

Only subsequent claims included are those connected with late Sultan's Civil List, with discharge of certain French citizens employed by Hedjaz Railway and school here, and with events in Constantinople of 13th April, 1909 I imagine only principle governing this selection was the amount of pressure brought to bear on French authorities by the claimants.

All these claims are to be referred to the Commission described in my despatch No. 1036. Those about which Commission cannot give majority decision within six months will be referred to The Hague. Whole arrangement seems to me cumbrous. Constitution of the Commission will not conduce to easy settlement of really contentious claims, and recourse to The Hague may prove expensive. Once liability of Turkish Government is established, settlement is part of general financial problem. Reason for proposing that floating debt claims, *i.e.*, those prior to July 1908, should be referred to Paris Conference is that all such claims have been put on a special footing by special legislation which debars Government from dealing with any of them independently of the rest.

With reference to latter portion of your telegram, I do not see why Hakki Pasha should object to further claims being advanced within a fixed period. No agreement will protect Turkish Government against being made to satisfy illegitimate demands. If, however, His Majesty's Government are anxious to conclude matters they might give him a list of claims to be dealt with arbitrarily and reserve right to deal with any others in ordinary diplomatic course. List would be based on that given to Hakki on 4th September, and on those enumerated in embassy despatches Nos. 765, 785, and 846. I will send by post to-day a few others which will complete statement of those now known to embassy. Proposed arrangement might be

limited to contentious claims in these lists or might extend to all, in which case Commission would have double task of establishing an authoritative record of claims generally and arbitrating on contentious ones. I think latter plan would give more satisfactory results.

[2975] No. 69.

Sir Edward Grey to Sir G. Buchanan.

(No. 28.)

Foreign Office, January 23, 1914.

Sir,

THE Russian Chargé d'Affaires called on Sir A. Nicolson on the 19th January, and read to him a telegram from M. Sazonof, stating that the Italian Minister for Foreign Affairs had enquired of him whether the Russian Government would not be disposed, in view of the satisfactory nature of the reply of the Triple Alliance, to regard with a benevolent eye the Italian request for compensations of an economic kind in the Adalia district when Italy evacuated the Dodecanese.

M. Sazonof had replied that he did not see the connection between the two questions; that he must consult with London and Paris; and that if one Power raised the question of compensations other Powers might follow the example.

The Russian Chargé d'Affaires then asked if Italy had approached His Majesty's Government.

Sir A. Nicolson informed M. de Etter that a representative of Italian interests was discussing with the Smyrna–Aidin Railway Company the possibility of a mutual arrangement in the Adalia district, where the Company have certain rights, and added that Italy had not, in the discussions with His Majesty's Government, attempted to connect the general question of the islands with that of compensations for evacuation of the Dodecanese; in fact, Sir A. Nicolson had been under the impression that the Italian Government had always strongly maintained that the two questions were quite distinct. He was therefore surprised to hear that the Russian Government had been approached in the manner described by M. de Etter.

I am, &c.
E. GREY.

[3468] No. 70.

Minute by Sir Arthur Nicolson.

SIR HUGH BARNES, representing the Anglo-Persian Oil Company, called to-day and I saw him with Mr. Parker.

He said his company was anxious to defer a reply to our letter of 16th January (annexed) respecting the Mesopotamian oil concession pending a decision of the Admiralty as to the proposed contract: this decision the Admiralty could apparently not reach for some weeks.

I asked Sir Hugh Barnes why the two questions were inter-dependent. He replied that the Anglo-Persian Oil Company would be in a much stronger position financially with such a contract, and they would therefore be better able to resist the pressure which would be put upon them by their proposed partners (the Shell and the Deutsche Bank groups) in the company to be formed to work the Mesopotamian concession: for instance, those partners might propose that each of the groups in the proposed company

should put up say 2,000,000*l.* privately, and without a public issue; those two groups might carry such a resolution on the board, and the Anglo-Persian could not then comply with the resolution, with the result that they would be forced to agree to absorption by the Shell.

I asked Sir Hugh Barnes if this danger would not be averted if the two first conditions enumerated in Mr. Greenway's letter of the 9th December to the Board of Trade were secured? He replied that possibly this might be so, and said he would discuss the matter with his colleagues. The conditions are as follows:—

1. That a syndicate to prospect and test the Mesopotamian fields be formed with a capital of 100,000*l.* (or, if necessary, 200,000*l.*), 50 per cent. of the capital of which would be taken by our group and 50 per cent. by the Turkish Petroleum Company.

2. That the members of this syndicate shall undertake to form a working company with a capital of not less than 1,000,000*l.* should they be satisfied with the examination of the fields—the capital of such company, if so desired by any member, to be raised by a public issue of debentures and/or shares.

I said that I was not aware that these conditions could be procured, but I suggested that his company might make the acceptance of them conditions of agreeing to our letter of the 16th January, at all events in the first instance.

He said there was a further condition to which his company attached paramount importance, namely, that the chairman for a series of years should be British, and he asked if, in the event of some eminent man (he instanced Lord Milner) being put forward, we could not obtain the assent of the other groups.

I said this was rather doubtful, but if the Anglo-Persian Company put it forward again as one of their desiderata we would try to secure it, though it should not be put forward as a *sine quâ non*.

Sir Hugh Barnes was informed that the great danger of delay in the reply of the Anglo-Persian Oil Company to our letter of the 16th January was that the Turkish Government, who were very pressed for funds, might give the concession to the Standard Oil Company in return for a loan. We had promised them to try and give a definite

reply about the Mesopotamian concession by the end of the month.

Although I urged all these points upon Sir Hugh Barnes, he seemed to persist in the necessity of a reply from the Admiralty about the proposed contract before a reply could be sent to the Foreign Office letter of the 16th January about the Mesopotamian concession. He dwelt a good deal upon the financial attractions of amalgamation with the Shell to the Anglo-Persian Company, though he evidently realised how undesirable it would be that the Anglo-Persian, the principal British undertaking in Persia, should pass under Dutch control. He said that one effect of such amalgamation would be to raise the price of oil-fuel at once.

A. N.

January 23, 1914.

[For Annex (Letter to Mr. Greenway of January 16), see No. 51.]

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[83]

No. 71.

Foreign Office to India Office.

Foreign Office, January 23, 1914.

Sir,

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 31st ultimo, relative to the continuance to the present Sultan of Muscat of the subsidies granted to his predecessor.

As regards the proposal that the Sultan should be asked to agree to the creation of a levy corps, commanded by British or Indian officers in the event of his failing to come to terms with the tribal chiefs, Sir E. Grey has no objection to offer from an international point of view so long as the corps is nominally a Muscat force, and the officers, by whom it is commanded, nominally in the Sultan's service. Precedents are not lacking to justify the conclusion of such an arrangement by an independent sovereign.

As regards the proposal that the Sultan should be required to furnish an undertaking not to conclude with foreign Powers, other than Great Britain and France, fresh treaties without the assent of His Majesty's Government, Sir E. Grey concurs in the opinion of the Marquess of Crewe that such an arrangement would in itself be desirable in British interests, but he would wish to make the following observations on the suggestion :—

This country is under a treaty obligation to France to respect the independence of the Sultan of Muscat and the exaction from His Highness of an undertaking of the kind proposed would undoubtedly constitute an interference with his sovereign rights.

Were His Majesty's Government to ask the French Government to agree to an arrangement whereby the Sultan would be bound not to enter into any treaty with a third Power without the assent of Great Britain, there is little doubt that the French Government, on their side, would demand that France should be put on a footing of equality with Great Britain in this matter.

Such a demand would involve the conclusion by the Sultan of an agreement, not with the Government of India but with Great Britain and France, stipulating that without their assent he shall not enter into a treaty with any third Power.

Such an arrangement would be to the advantage of France, and there is little doubt that the French Government would agree to it. Sir E. Grey is, however, in doubt whether the Government of India would welcome the assumption by France of so leading a position at Muscat, even though the particular danger they apprehend—that of the intervention of other European Powers—would thereby be removed.

Should the Government of India raise no objection to such an arrangement the

agreement to be concluded between His Majesty's Government and the French Government might be to the effect that the two Powers, while not desiring to interfere with the independence of Muscat, to which they are pledged by the treaty of 1862, are most anxious not to see any material modification of the existing relations of the Sultanate with other Powers and have, therefore, agreed to obtain from the Sultan an assurance that he will not enter into fresh treaties with any Power other than Great Britain and France without their knowledge and approval. It would probably be sufficient to effect this agreement by an exchange of notes which need not necessarily be published.

Should the Government of India reject this suggestion, Sir E. Grey is willing, should it be desired, to approach France with their proposal in its original form, but he has no confidence that they will accept it, least of all without difficulty and delay.

I am, &c.

EYRE A. CROWE.

[3326]

No. 72.

Sir R. Rodd to Sir Edward Grey.—(Received January 24.)

(No. 28.)

Rome, January 20, 1914.

Sir,

WITH reference to your despatch No. 4 of the 9th instant regarding the reported existence of negotiations for the purchase of Italian ships of war by Turkey, I have the honour to report that I learn from the naval attaché that the question of the sale of the "Libya" was discussed between the Italian and Turkish Governments in July last, but that the negotiations led to no results. the Turkish naval authorities realising, apparently, that the acquisition of this vessel would not materially strengthen their fleet. Subsequently it was reported that both the "Libya" and "Pisa" were to be sold, and it is believed that this report originated from a statement made to His Majesty's Chargé d'Affaires at Constantinople by a member of the Italian Embassy. Again, in December offers were apparently made for the torpedo-boat destroyers "Audace" and "Animoso," which were completing at Leghorn.

During the last few days the Italian Government have issued categorical denials of their intention, as reported at Berlin and Constantinople, to sell the "Pisa" and "San Marco" to Turkey. Captain Boyle is of opinion that there is little likelihood of the Italian Government selling a cruiser of the "Pisa" class, the loss of which would sensibly weaken the fleet, but that a desire to dispose of the "Libya" is easily understood.

I have, &c.

RENNELL RODD.

[3591]

No. 73.

Sir G. Buchanan to Sir Edward Grey.—(Received January 26.)

(No. 22.)

St. Petersburgh, January 20, 1914.

Sir,

WITH reference to my despatch No. 10 of the 7th instant, I have the honour to enclose copy of the letter addressed by the Russian Minister for Foreign Affairs to the German Ambassador on the question of General von Sanders's mission, of which a summary was transmitted in my telegram No. 8 of the 12th of this month.

Owing to the favourable turn which events have since taken, the question of the publication of a communiqué of the kind suggested in this letter has been dropped, as, though the German Government have not yet fixed the date on which the final settlement of this incident is to be officially announced, the Emperor Nicolas informed the German Ambassador on New Year's Day that he considered the question as "aplani."

M. Sazonof is perfectly satisfied with the arrangement under which General von Sanders is, like General von der Goltz, to be Inspector-General of the Turkish army, while a German officer is to act as chief of the staff. There is but one point on which he is still not quite clear, namely, whether or not a German general is to have the command of a division at Scutari. To this, as he told the German Ambassador in a recent conversation, he could not consent; but, on his pressing Count Pourtalès to telegraph to Berlin on the subject, the latter declined, saying that his Government had

submitted to a diplomatic discomfiture solely because the Emperor William had wished to do all he could to meet the wishes of the Emperor Nicolas. Were he now to telegraph what M. Sazonof had said to him the Emperor William would be annoyed, and matters would only be made worse.

On my asking M. Sazonof what he would do supposing he found that the command of the Scutari division was to be given to a German officer, his Excellency replied that he would have to settle the matter direct with Turkey.

I have, &c.
GEORGE W. BUCHANAN.

Enclosure in No. 73.

Letter addressed to German Ambassador at St. Petersburgh by M. Sazonof.

Saint-Pétersbourg, le 29 décembre, 1913
(11 *janvier*, 1914).

LORS de notre entretien, auquel se réfère ma lettre précédente, nous avons touché, ainsi que votre Excellence voudra bien se le rappeler, la question d'un communiqué à la presse concernant la question de la mission militaire allemande à Constantinople. Nous avons envisagé l'opportunité d'un pareil communiqué pour mettre fin à l'effervescence croissante de notre opinion publique, sur laquelle je n'ai pas manqué d'attirer votre attention. Le communiqué en question ne pouvant être rédigé pour le moment qu'en termes généraux, il me semble, toutefois, qu'il ne saurait être fait à la presse qu'à la condition que les deux Gouvernements intéressés tombent d'accord sur les principes généraux du compromis.

Sans récapituler les arguments bien connus à votre Excellence, je crois pouvoir formuler brièvement le point de vue du Gouvernement Impérial de la manière suivante :

1. Le Gouvernement Impérial ne soulève aucune objection contre la mission d'instructeurs du Général Sanders et des officiers allemands sous ses ordres.

2. Si le Général Liman von Sanders était d'avis que son rôle d'instructeur pourrait être rempli avec plus d'efficacité en commandant une unité de troupes, le choix d'Andrinople comme résidence de l'instructeur général et commandant de cette unité (corps ou division) paraîtrait répondre à ce but sans soulever d'objections de la part du Gouvernement Impérial, mû par le désir de maintenir les meilleurs rapports avec l'Empire d'Allemagne.

3. Par contre, le Gouvernement Impérial estime que le commandement par une officier étranger d'une unité quelconque à Constantinople ou ses environs, tels que Scutari, créerait une disparité de conditions pour les Grandes Puissances ayant leurs représentants à Constantinople. Vu les intérêts de toute première importance de la Russie à Constantinople, le Gouvernement Impérial a cru devoir attirer l'attention amicale du Cabinet de Berlin sur le bien-fondé de ses représentations à ce sujet.

4. Le Gouvernement Impérial allemand ayant bien voulu faire entendre qu'un compromis dans ce sens pourrait avoir lieu dans quelque temps, le Gouvernement Impérial croit devoir attirer son attention sur l'opportunité d'y arriver à bref délai, tout atermoiement exerçant une répercussion fâcheuse sur l'opinion publique et ne pouvant que nuire aux liens d'amitié entre les deux Empires. Il appartiendra au Cabinet de Berlin de vouloir bien nous aviser du terme approximatif qu'il trouve nécessaire de fixer.

5. Si la manière de voir du Gouvernement Impérial développée dans les points précédents est partagée par le Gouvernement Impérial d'Allemagne, un communiqué à l'Agence de Saint-Pétersbourg, qui serait reproduit par l'Agence Wolff, ou bien par les journaux officieux à Berlin, pourrait, d'après l'avis du Gouvernement Impérial, servir à apaiser la nervosité publique.

6. Le communiqué en question pourrait être rédigé ainsi que suit :

" L'Agence télégraphique de Saint-Pétersbourg apprend de source autorisée que l'acuité de la question des attributions de la mission militaire allemande à Constantinople a été exagérée par la presse. Les deux Gouvernements espèrent arriver à bref délai à une solution satisfaisant leurs intérêts réciproques et répondant aux liens d'amitié unissant les deux Empires."

En portant ce qui précède à la connaissance de votre Excellence, je lui saurai gré de m'informer aussitôt que faire se pourra de la résolution que le Gouvernement Impérial d'Allemagne voudra bien prendre à cet égard.

[3545]

No. 74.

Sir L. Mallet to Sir Edward Grey.—(Received January 26.)

(No. 35.)

Sir, *Constantinople, January 21*, 1914.

I TRANSMIT herewith a leading article from the "Tanin" newspaper,* advocating the imposition of a special tax for the maintenance of the fleet.

In this connection I am informed that the Government expect to obtain over 1,000,000*l.* in voluntary subscriptions. Although the methods employed to obtain them hardly warrant the conclusion that these subscriptions are in all cases voluntary, there are grounds for thinking, as reported in my despatch No. 22 of the 14th January, that considerable interest has been aroused in this question and that the people are prepared to make sacrifices to assist the Government in their endeavour to make a strong navy.

I enclose another article which has appeared to-day in the "Jeune Turc" newspaper,* also on the Turkish naval problem, and I would call your attention to the passage setting forth the position in which Turkey finds herself to-day and the reasons for which it is necessary that she should at once set to work to strengthen her sea forces in order to be able to protect herself from the combined attack of the European Powers, which has only been delayed hitherto because they have not been able to agree.

The article goes on to point out that the two most probable adversaries are Greece and Russia and that as Russia has a larger naval force than Greece, it is Russia which must set the standard for the Turkish fleet.

It is stated that Russia will have in 1915 a squadron of three Dreadnoughts and four old-fashioned vessels and some cruisers and destroyers, the conclusion being that Turkey must have six Dreadnoughts, at least six cruisers and twenty destroyers. This article probably to some extent represents the resolve of the present Government and of what is known as "Young Turkey." The Government have already acquired two powerful capital ships and are generally stated to be in negotiation for a third. In Admiral Limpus's opinion these ships will add appreciably to the strength of the Turkish fleet, at any rate as far as Greece is concerned. The admiral considers that it will be many years before the Turkish fleet could become a formidable factor in the Mediterranean, but this possibility cannot be altogether ignored, although I should be sorry to predict with any certainty that the resolutions of to-day are likely to be carried out with such thoroughness and continuity as would be necessary to secure their full materialisation.

In some respects the prospects of success are perhaps better than in the past, but the Government of this country, although it is at present composed of men of determination and energy, rests upon such an unsound basis and is dependent upon so many uncertain factors, both internal and external, that it would be rash to predict the likelihood of a renascence of military and naval power. It is the opinion of most people here that the Turks are not capable of any sustained effort in one direction, that from one cause and another real reform, alike in the army and the navy, will be thwarted and hampered to such an extent as to neutralise the efforts of the German and British missions in the direction of efficiency.

The question is, however, one of peculiar interest to His Majesty's Government, who have lent a British admiral and British officers to assist in the formation and training of a fleet which, so far as can be seen at present, is not likely to help British interests and policy in the Mediterranean, which might be used against Greece and which looks upon the Russian fleet as its next potential adversary. Setting aside considerations of this nature, the possible visit of Turkish Dreadnoughts to Alexandria at some future time, or their presence in the Persian Gulf or at Bombay might, in certain eventualities, prove embarrassing politically to His Majesty's Government. Unless, however, the Powers are prepared to adopt very drastic methods, and either by assuming financial control or imposing limitation of armaments or by other means, it is not easy to see how the development of the Turkish fleet can be arrested from outside.

Assuming that action of this nature is not contemplated for the present, the question remains how far it is to British interests to assist in this evolution of the fleet. Admiral Limpus, whose contract, as well as that of all the British officers serving under him, comes to an end on the 30th April, tells me that it is his impression that the Turkish Government expect him and his staff to continue in their service, and that in the event of their leaving in April they would invite His Majesty's Government to lend them other

* Not printed

officers on the active list to take their places. Nothing has been said to him as yet on this subject by any member of the Government, but that is his impression. If the British Government should decide not to continue the loan of a British mission, he thinks it possible that the Turkish Government would endeavour to secure the services of retired British officers, who would enter the Turkish service for a long term of years, possibly adopting Turkish nationality and commanding in war. But he imagines that a determined effort will be made on the part of Germany to secure the appointment of German officers, and that it is not improbable that the Turkish Government would succumb to this pressure. He does not think it likely that an Italian mission would be invited.

He told me when he came here he was given to understand that he had been appointed in order to keep the Germans out, and that he considered that he had succeeded in doing this in a most thorough and satisfactory manner. The Turkish fleet was thoroughly imbued with English ideas and that alone would be sufficient to make the task of any other foreigner a difficult one, but the conclusion of the arsenal and dockyard contract, which was one of the first questions which the Turkish Government had raised with him on his arrival here and which, after nearly two years discussion, had been secured for a British firm, would render the engagement of a foreign mission almost impossible.

Admiral Limpus thinks, and I share his opinion, that a refusal on the part of His Majesty's Government to lend other British officers to Turkey would be regarded as an indication that His Majesty's Government no longer took so much interest in the preservation of the integrity and independence of Turkey, and that it might have the effect of throwing Turkey more into the arms of the Triple Alliance. He thinks that the influence of the Triple Alliance, and especially of Germany, is preponderant at the present day, partly owing to the fact that so many Turkish officers who now hold prominent positions here have been educated and passed some years of their lives in Germany. Importance is, however, still attached to the good opinion of Great Britain and greater confidence is felt in British advice and disinterestedness than in that of other foreigners.

If it were practicable to allay in the Turkish mind their suspicions of Russia's designs, and if a feeling of greater confidence were established between the Russian and Turkish Governments, the situation would be considerably eased and the influence of the Triple *Entente* would be greater than at present, so that an equilibrium of interests might be maintained with those of the Triple Alliance.

I have, &c.
LOUIS MALLET.

[3782] No. 75.

Sir L. Mallet to Sir Edward Grey.—(Received January 26.)

(No. 59.)
(Telegraphic.) R. *Constantinople, January 26, 1914.*

MINISTER of Public Works has informed Eadie, who represents Jackson, that there will be new adjudication of Mesopotamian irrigation, but that work will be given them and that Porte wish it to be English. Jackson and Pearsons are acting in partnership, as you are aware, but this is not known to Porte.

Eady hopes to be financed by National Bank.

[3784] No. 76.

Sir L. Mallet to Sir Edward Grey.—(Received January 26.)

(No. 60.)
(Telegraphic.) R. *Constantinople, January 26, 1914.*

MY telegrams No. 51 of 22nd January and No. 56 of 24th January.

The Grand Vizier tells me that the negotiations with the Germans are not making progress, as the Germans are pressing them very hard. I asked in what respect, and he said that they insist on extra 1 per cent. on the Bagdad Railway Loan (see article 35 of the convention) and on an increase of kilometric guarantee by 1,000 fr. per kilometre.

[3778] No. 77.

Sir L. Mallet to Sir Edward Grey.—(Received January 26.)

(No. 61.)
(Telegraphic.) R. *Constantinople, January 26, 1914.*

YOUR telegram No. 31 of 16th January: Mesopotamian oil concession.

It will be very desirable to place Mesopotamian oil proposals before Porte at an early date, as commission is sitting on the subject, and in the financial situation it is impossible to guarantee that other offers may not be accepted.

[2739] No. 78.

Sir Edward Grey to Sir L. Mallet.

(No. 51.)
Sir, *Foreign Office, January 26, 1914.*

WITH reference to previous correspondence respecting the German military mission to Constantinople, I have to inform your Excellency that the Secretary of the German Embassy called at this Office on the 15th instant, and told Sir W. Tyrrell that he had been instructed to state that the rank of general of cavalry had been conferred on General Liman von Sanders. This promotion, Herr von Schubert said, would lead to his being appointed a marshal in the Turkish Army, and this again would lead to his relinquishing the command of the First Army Corps.

Herr von Schubert added that the German Government hoped that this would close the incident.

I am, &c.
E. GREY.

[3952] No. 79.

Minute by Mr. Parker.

I HAD an interview with Hakki Pasha to-day to discuss the draft agreement about monopolies, irrigation, Aden boundary, &c.

Definite progress was made regarding nearly all points except pecuniary claims, which are to be discussed on Friday next, and it is hoped that the draft agreement can be initialled *ad referendum* next week.

Hakki Pasha said he thought his Government would agree to our draft about the Syrian and Farsan oil concessions, and to the line which it is proposed should be drawn from Kataba (Aden) to the Ruba-al-Khaila, thus definitely excluding from Turkish influence the whole of the Hadramaut, where it is thought oil may exist.

I explained to Hakki Pasha that we could not consider satisfactory any settlement of the Mesopotamian oil question which failed to secure to the Company to whom the concession was granted some rights of distribution in the provinces of Mosul and Bagdad. He said that he understood this, and that his idea was that the Government should give to all the companies interested in the production of oil in Turkey a share in the monopoly for distribution, but Russia, as being the country which at present sent the most oil to Turkey, would have to have the largest share of a monopoly. He also said that he wanted to have, by next Friday, a more precise list of the sorts of petroleum products which His Majesty's Government wished to exclude from the scope of the monopoly, as he must insist that they should be specified in full detail in the agreement. I said I would endeavour to obtain such information from the Board of Trade.

He then said that he wished to speak very seriously to me about the Mesopotamian concession; the Ottoman Government was being very seriously embarrassed by the delay in the settlement of this question, and they felt that they were being penalised on account of a domestic quarrel between British interests. They could not afford to wait indefinitely, and he himself was placed in an invidious position as eight months ago he had advised the Turkish Government to do nothing, and now they were representing to him that such inactivity was most unprofitable and inconvenient. I told Hakki Pasha that we hoped to be able to put a definite scheme before him very shortly, perhaps even this week. He said that he had to reply to a telegram from his

Government, and he would defer the answer till he saw me on Friday. He added that he had again seen M. Gulbenkian, who had said that he had 15 per cent. of the share capital of the Turkish Petroleum Company out of the 50 per cent. held by the National Bank of Turkey; he was willing to come to terms with His Majesty's Government about the question; but he was not going to allow the National Bank of Turkey to bargain away his rights and if they attempted to do so he would send a solicitor to see them and they would be involved in a law suit, in which he was sure to win. Hakki Pasha said he thought it very imprudent that His Majesty's Government did not enter into communication with M. Gulbenkian, a British subject, as otherwise they might find a fresh difficulty at the last moment and the Turkish Government would be asked to postpone a decision again, which they certainly could not afford to do. He urged that M. Gulbenkian should be seen by someone from the Foreign Office or the Board of Trade.

Copies of this minute have gone to the Board of Trade and Admiralty.

A. P.

January, 27, 1914.

[3958]

No. 80.

Sir L. Mallet to Sir Edward Grey.—(Received January 28.)

(No. 40.)

Constantinople, January 24, 1914.

Sir,

REFERRING to my telegram No. 52 of yesterday in connection with the negotiations with Hakki Pasha concerning British pecuniary claims, I have the honour to transmit herewith (1), a memorandum giving the substance of the Franco-Turkish Agreement about French claims; (2), a list of claims which have come to the knowledge of this embassy since Mr. Marling's despatch No. 846 of the 8th October last was written; and (3), a memorandum giving a brief account of each of these claims.

While there would be some undoubted advantages in concluding our own agreement on the same lines as the French, I cannot but think the latter unsatisfactory in itself. It appears to me that unless unusual goodwill is shown on the Turkish side, the Commission will too frequently be divided equally on any really contentious claim, and in many cases the sums involved in such claims are too small to justify the elaborateness and expense of a recourse to The Hague.

Since Mr. Marling's despatch No. 846 was written, the embassy has received further particulars in connection with several of the claims mentioned in the returns which accompanied that and earlier despatches. At the present stage, however, it seems unnecessary to burden you with these details. I may, however, mention that I have ascertained that claim No. 16 in the list enclosed in Mr. Marling's despatch No. 846 (robbery of Uskub cavass) has no possible connection with the Turkish Government.

In my telegram No. 52 I suggested that if the agreement to be concluded with Hakki Pasha should be limited to an annexed list of claims, His Majesty's Government should reserve the right to put forward any others in the ordinary diplomatic course. It seems to me important to make this clear, because while it will probably be found that all important contentious claims are already known to this embassy, there are doubtless many not known to us arising out of failures on the part of the Turkish Government to discharge acknowledged liabilities, and, if the financial situation should not improve, it may be necessary to make these the subject of diplomatic negotiation. I refer more especially to such liabilities as debts to Government contractors or British subjects employed by the Government.

It is very possible that the embassy list, even of floating debt claims, *i.e.*, those arising previous to July 1908, may not be complete. The special legislation referred to in my telegram No. 52 compelled all claimants to file their claims in Turkish Departments, and a certain number of claimants may have thought it unnecessary to advise this embassy or British consular officers at the same time. Only within the last month, for instance, I have received from the British Chamber of Commerce here a letter protesting against the inclusion in the floating debt of deposits made with the Turkish Government for the proper execution of contracts. This would appear to indicate that the Government is still in possession of deposits made by British subjects previous to July 1908, though the list of floating debt claims in our possession (that enclosed in Sir G. Lowther's despatch No. 512 of the 20th July, 1911, and communicated to

Hakki Pasha on the 4th September last) contains nothing of this description. I am inviting the president of the chamber to furnish me with a list of any claims of the kind known to the chamber. It may not be possible for His Majesty's Government to await further information on this subject before handing a final list of claims to Hakki Pasha, but it is desirable that we should retain a free hand in the matter, for, if any such scheme for settling the floating debt as that indicated in the embassy despatch No. 275 of the 26th April, 1911, were eventually adopted, it would be obviously inequitable to extend it to moneys merely deposited with the Turkish Government as a guarantee of the good faith of the depositors.

I have, &c.

LOUIS MALLET.

Enclosure 1 in No. 80.

Memorandum respecting Franco-Turkish Agreement about French Claims.

(Confidential.)

M. MATHIEU, of the French Embassy, read to me this morning the text of the "compromis d'arbitrage" on French pecuniary claims forming part of the agreement recently concluded between M. Bompard and the Grand Vizier. I understand that the text of the "compromis d'arbitrage" was drawn up some time ago, and that the agreement signed by M. Bompard and Said Halim Pasha in 1913 merely contains a short clause stating that effect shall be given to the earlier instrument. Like the whole of the agreement of the 18th December, 1913, this is, of course, conditional on the conclusion of the wider negotiations still proceeding in Paris.

The substance of the "compromis d'arbitrage" is as follows:—

All contentious French claims anterior to the 24th July, 1908, and subsequent claims arising in connection with (1) the civil list of Abdul Hamid II, (2) the discharge of French citizens employed by the Hedjaz Railway or in the Galata Serai School, and (3) the events in Constantinople of the 13th April, 1909, are to be referred to a mixed Commission. The Commission is to be of four members, two nominated by the French Embassy and two by the Porte. Its decisions are to be by majority and the decisions of the majority in all questions of law and fact are to be absolute and binding without further confirmation. Claims are to be submitted by the French Embassy. Claims within the scope of the agreement which have been the subject of diplomatic representations previously, but which are not submitted to the Commission, cannot be made the subject of further diplomatic representations in the future. The amount of claims admitted and assessed by the Commission shall be paid through the embassy as soon as possible. Claims rejected by the Commission shall be definitely barred.

In the case of claims concerning which the Commission shall not have arrived at a definite decision within six months of the promulgation of the iradé sanctioning the agreement, they shall draw up a separate statement of law and fact for each. Within a month of the expiration of the six months period these statements shall be embodied in a single *compromis* to be concluded between the French Ambassador and the Minister of Foreign Affairs. This shall be forwarded to The Hague. The arbitral tribunal there shall be constituted as provided by the convention of 18th October, 1907. If the Commission cannot agree on the terms of submission to The Hague in any particular case, the arbitral tribunal itself shall draw up a statement of the case. The arbitral tribunal shall pronounce absolutely and without appeal on all questions of law or fact on which the Commission shall have been unable to agree. If the point on which the Commission could not agree should relate to the *recevabilité* or *bien-fondé* of the claim the arbitral tribunal shall settle that point, and if it decide in favour of the *recevabilité* or *bien-fondé*, the claim shall be referred back to the mixed Commission to assess the amount. If the mixed Commission cannot agree within a month on the amount to be paid, that question shall in its turn be submitted to The Hague Tribunal, which will then settle the amount absolutely and without appeal. Monies awarded by the arbitral tribunal shall be paid as soon as possible. Each Power shall pay its own expenses and half the expenses of the arbitral tribunal.

Claims adjudicated on by the Commission or by The Hague Tribunal cannot be made the subject of any subsequent diplomatic negotiations.

ANDREW RYAN.

Enclosure 2 in No. 80.

FURTHER supplementary list of British pecuniary claims against the Turkish Government other than those enumerated in embassy despatches Nos. 765, 785, and 846 of the 2nd and 10th September and the 8th October, 1913, respectively.

(A.)—*Further Claims arising out of Requisitions in connection with State of War.*

Name of Claim and Reference Number.	Approximate Amount in Sterling.	Remarks.
1. Stellario Schembri's oxen	145*l.*	Not including claim for daily loss since date of seizure.
2. Trayhorn's horse ..	Indeterminate	A supplementary claim for interest. See, however, memorandum on subject of whole claim.

(B.)—*Further Miscellaneous Claims arising out of State of War.*

3. Cordona's meadow ..	9*l.*	
4. Commercial Company of Salonica, looted tobacco	856*l.*	See memorandum.

(C.)—*Further Miscellaneous Claims not connected with the State of War.*

5. Churchill Bey.. ..	900*l.*	
6. Hababhoy	67*l.*	Unimportant. See memorandum.
7. Recent Hedjaz robberies	280*l.*	
8. Further petroleum storage charges at Jeddah	100*l.*	

Enclosure 3 in No. 80.

Memorandum on Pecuniary Claims enumerated in further Supplementary List enclosed in Sir L. Mallet's despatch No. 40.

1. *Stellario Schembri.*—This is an ordinary requisition claim for the value of four pair of oxen commandeered on the 25th June, 1913. Receipts were given showing the value as £T. 99, whereas M. Schembri's valuation of them is £T. 160. He also puts forward a claim for a daily indemnity from the time of seizure. It seems doubtful whether such a claim for contingent damages could be upheld.

2. *Trayhorn's Horse.*—This claim arises out of the requisitioning of one of the horses mentioned under No. 1 in the list enclosed in Mr. Marling's despatch No. 846 of the 8th October last. Trayhorn, the owner of one of these horses, has claimed interest on the value of his horse as it was bought with borrowed money, which the seizure of the horse prevented him from repaying. Subsequently to making this claim Trayhorn took back his receipt from His Majesty's consulate-general and sold it for some 3*l.* less than its face value, which was already several pounds less than his own valuation. Under these circumstances it may be doubted whether any valid claim remains, although Trayhorn, a driver by trade, has undoubtedly fared badly all round.

3. *Cordona Meadow.*—This is a claim for £T. 10 damages owing to there being no crop of hay on a meadow near Buyukdéré, on the Bosphorus, which was used for camping troops from November 1912 to April 1913.

4. *Commercial Company of Salonica's Tobacco.*—This is a claim for 94,140 piastres gold for tobacco looted by Turkish troops and irregulars at Mustapha Pasha station on the occasion of the Turkish advance in July 1913. The case was fully reported in Sir L. Mallet's despatch No. 1012 of the 17th December, 1913. His Majesty's Government have not yet intimated their decision as to whether or not a claim lies against the Turkish Government.

5. *Churchill Bey.*—This is a claim by a British subject, who entered the Turkish gendarmerie in 1897, for compensation on account of his summary discharge in 1912. Churchill asserts that Hakki Pasha, when Grand Vizier, promised him a compensation grant "not to exceed £T. 1,000," and it is admitted that at one time a grant of some kind was contemplated. The Porte's present attitude is that, as Churchill was not formally discharged until he had been actually unemployed for a considerable time, his pay for that period must be regarded as a set-off against any indemnity. The embassy has not hitherto taken up this case officially, but has given Churchill some support. His case is a somewhat hard one, though the validity of the claim in law is doubtful, except, perhaps, as regards pay for one month from the time when his discharge took effect until it was notified to him. Churchill would compromise the claim for a smaller sum than £T. 1,000.

6. "*Hababhoy.*"—This is a claim for a balance of 1,000 rupees still due by the authorities of Medina to a semi-lunatic spendthrift who got into trouble in that town, and who was defrauded of large sums of money by a local shark. As a result of action by His Majesty's consul at Jeddah and His Majesty's Embassy, the Porte stated that the local authorities had recovered a sum of 21,000 rupees and restored them to Hababhoy, but as His Majesty's consul recently reported that only 20,000 rupees had been repaid, and that the Medina authorities had vouchsafed no reply to his application for the balance, the embassy has requested the Porte to make good its statement. There is reason to believe that the 1,000 rupees were retained to cover the cost of the proceedings against the swindler. In any case the matter is of little importance.

7. *Recent Hedjaz Robberies.*—This is a group of new claims arising in 1913 similar to those mentioned under Nos. 3 and 4 of the list of miscellaneous claims enclosed in Mr. Marling's despatch No. 765 of the 2nd September, 1913. Seven British subjects were robbed of valuables to the total amount of 31,700 piastres under circumstances which have not yet been reported to the embassy in detail. The embassy has drawn the attention of the Porte to these new claims.

8. *Further Petroleum Storage Charges at Jeddah.*—This is a further claim by Messrs. Gellatly, Hankey, and Co. for the refund of 10,275 piastres storage charges improperly levied under circumstances precisely similar to those which gave rise to claim No. 17 in the list of miscellaneous claims enclosed in Mr. Marling's despatch No. 765 of the 2nd September, 1913. This new claim has not yet been the subject of representations to the Porte.

[4088] No. 81.

Sir L. Mallet to Sir Edward Grey.—(*Received January* 28.)

(No. 66.)
(Telegraphic.) R. *Constantinople, January* 28, 1914.

FARSAN oil concession.

Transfer of mortgage licence to Rogers has not been yet effected, and owner of licence was deported to Sinope yesterday in spite of my representations. It would be well to bring pressure to bear on Hakki Pasha at once in order to hasten conclusion of formalities.

Interested parties are endeavouring to force holder of permit to give up his rights in favour of Taylor, Paulings' engineer.

Despatch by messenger to-day.

[4336] No. 82.

Sir Edward Grey to Sir R. Rodd.

(No. 32. Confidential.)

Foreign Office, January 28, 1914.

Sir,

THE Italian Ambassador told me to-day that his Government thought that, instead of saying "as soon as possible" for the Greek evacuation of Epirus, a new date would have to be proposed.

I said that I had rather expected this, and had so worded my reply as to leave that alternative open.

The Ambassador told me that his Government accepted what I had said about Greek responsibility, provided that Austria would accept it also.

With regard to a pledge that the Powers would make their decision respected, Italy must reserve the question of taking part herself in applying any forcible pressure to Turkey; but he was to inform me most confidentially that this reserve was made only in order to facilitate Turkey's making to Italy concessions that were necessary to secure the Italian evacuation of the Ægean islands.

I said that, if a reserve of this sort was made, we should probably reserve our rights to abstain from the application of force either to Greece or to Turkey.

The Ambassador said that his Government pointed out that the question of applying force to Turkey to secure the islands for Greece could not arise until Greece had actually evacuated Epirus, and could be discussed then.

I said that we would not agree to put pressure on Greece to evacuate Epirus unless it was understood that, when Greece had done so, all the Powers would if need be apply pressure in the same way to Turkey with regard to the islands. It was most unpopular to apply pressure to any Power; if pressure was to be applied in connection with one decision of the Powers, and if we were to join in it, it could be only on the understanding that the same course would be followed by all the Powers in connection with the other decision.

As for making a reserve in order to facilitate obtaining concessions from Turkey, we ourselves wished for some concessions, and if Italy made a reserve from that motive I did not see why we should not do the same.

The Ambassador considered that as the concession which Italy desired was connected with the evacuation of the islands it was a special case, but I could not see this.

I am, &c.
E. GREY.

[4337] No. 83.

Sir Edward Grey to Sir R. Rodd.

(No. 33. Confidential.)

Foreign Office, January 28, 1914.

Sir,

THE Italian Ambassador, after drawing my attention to-day to the unfortunate leakage by which my last note had been published in the "Daily Telegraph" of yesterday, said that the Marquis di San Giuliano was very much upset at the expression in my note that, till the Ægean islands in Italian occupation were restored to Turkey, the situation would be abnormal. The Ambassador explained to me how essential it was that the Italians should have something from Turkey. He showed me most confidentially and in secret, as a mark of confidence, a note that they were addressing to Turkey, in which they recited all the expenses to which Turkey had put them, claimed the right to present to Turkey a bill of the total expenses when they restored the islands, and, knowing that Turkey could not pay such a bill, proposed that Italy should receive an economic concession. The Ambassador feared that my note would be regarded by Turkey as an intimation that, if Turkey refused all concession to Italy, the Powers would intervene to see that the islands in Italian occupation were restored to Turkey without a concession on Turkey's part. He urged me very strongly to say something in Constantinople to remove this impression.

I said that my note had not been intended to prejudice any negotiations that were proceeding between Italy and Turkey. My statement, that while any Great Power remained in occupation of the islands the situation was abnormal, was intended as a statement of fact. It had been agreed that the situation was abnormal; and, had I let

the statement in the Italian reply to our first proposal pass without comment, it might have been construed as meaning that we had no interest in the question. But what I had said was intended as a statement of fact, and not as a reproach against anyone.

The Ambassador asked me whether I would propose, when the moment came for handing the islands of the Dodecanese back to Turkey, that two Italian inspectors should be retained to see that the population was fairly treated, in accordance with the article of the Treaty of Lausanne. This would be very helpful with Italian public opinion.

I replied that I could not make any promise on this point, and all I could say was that it was a point to be considered when the time came for handing back the islands. I added that I could not encourage any new conditions.

The Ambassador said that his Government would not put it forward as a condition, and it would not be one; but it would be very helpful if I would put it forward.

In the course of this conversation, the Ambassador dwelt upon the difficulty that the Marquis di San Giuliano had in keeping Italian public opinion quiet as regards Great Britain over the question of the islands. The Ambassador himself had worked exceedingly hard in this direction also, and he appealed to me to make things easy.

I said that, if it was a question of being patient, the Italian Government must remember our point of view. Italy had annexed Tripoli, and this had excited Mussulman feeling in Egypt; but, owing to our secret agreement of years ago, disinteresting ourselves in Tripoli, though it did not contemplate any actual change in the status of Tripoli, we had felt bound to stand on one side. In the course of the war, the Italians had occupied some islands, assuring us that the occupation was only temporary. After the war was over, the conditions of the Treaty of Lausanne were attached to the evacuation of the islands, and now further conditions were being made. The Italian Government had selected the district close to the Smyrna–Aidin Railway to acquire a concession, and, had it not been for friendship to Italy, I should have opposed that concession unconditionally, instead of trying to find a way to reconcile it with the interests of the British company, which I must protect. In addition, the Italian Government were now claiming that, if Abyssinia broke up, they were to have Lake Tzana, the control of which we regarded as essential to the waters of the Nile. In fact, in one way and another, during the last year or two the Italian Government had encroached more upon British interests than any other two European Powers put together. I most cordially endorsed the Ambassador's plea that he personally had done everything to make relations good and to smooth public opinion, but his Government had not always made things easy for us.

I am, &c.
E. GREY.

[4088] No. 84.

Sir Edward Grey to Sir L. Mallet.

(No. 51.)

(Telegraphic.) R. *Foreign Office, January* 29, 1914.

YOUR telegram No. 66 of 28th January: Farsan oil concession,

Please inform Ottoman Government that the prompt transfer of the Farsan license to Rogers is an essential and urgent condition of our agreement to monopolies, and that an article on the subject in proposed agreement with Turkey has already been practically agreed to by Hakki Pasha.

Hakki Pasha will be urged to act as you suggest.

[4947] No. 85.

Sir Edward Grey to Sir E. Goschen.

(No. 27.)

Foreign Office, January 29, 1914.

Sir,

THE German Ambassador to-day left the enclosed paper with me, and said that the German Government supported the Turkish view on this point, as they thought it reasonable.

I am, &c.
E. GREY.

Enclosure in No. 85.

Memorandum.

LE Gouvernement Impérial ottoman est tombé d'accord avec les Ambassadeurs d'Allemagne et de Russie sur tous les points pour la nomination et les attributions des deux inspecteurs étrangers dans les deux secteurs de l'Anatolie orientale, sauf le point suivant: M. de Giers demande que, jusqu'à ce qu'un nouveau recensement soit fait (ce qui, je crains, peut tarder indéfiniment par suite de l'opposition des populations non musulmanes), les conseils généraux des vilayets soient formés par un nombre égal de membres musulmans et non musulmans, sans tenir compte de la proportion existant entre ces deux éléments.

Le Grand Vizir a répondu comme suit: Le Gouvernement a adopté le principe de la représentation proportionnelle entre les musulmans et les non-musulmans pour les élections des membres des conseils généraux des vilayets, en vue de sauvegarder les intérêts des non-musulmans; qu'il ne peut, en aucun cas, admettre la représentation égale des populations musulmanes et non musulmanes, étant donné que ce mode arbitraire constituerait un empiétement flagrant sur le droit de la majorité, qui est musulmane, et créerait une animosité entre ces deux éléments et entraverait conséquemment l'exécution de toute réforme. Les populations non musulmanes étant dispersées dans tout le territoire ottoman, le nombre de celles qui se trouvent dans les vilayets orientaux n'atteint même pas le quart de la population totale. Toutefois, pour donner une preuve de notre esprit de bonne entente nous acceptons jusqu'au prochain recensement la représentation égale des musulmans et des non musulmans dans les vilayets de Van et de Bitlis, où le nombre des non-musulmans n'atteint pas pourtant le tiers de la population totale. Pour procéder à l'élection des membres non musulmans, nous admettrions comme base, dans les mêmes conditions que pour les élections législatives les registres dressés par les communautés elles-mêmes.

STATISTIQUE.

—	Population totale.	Musulmans.		Arméniens.	
		Hommes.	Femmes.	Hommes.	Femmes.
Vilayet de Trébizonde	1,063,918	436,943	437,047	16,282	16,120
„ Sivas	1,216,368	502,919	482,913	74,390	69,400
Sandjak de Djanik	382,277	130,642	127,749	13,686	12,314
Vilayet de Van	251,422	96,516	77,190	37,758	28,165
„ Mamuret-ul-Asiz (Kharput) ..	514,025	217,987	207,388	38,638	34,583
„ Bitlis	419,806	159,528	135.846	65,232	45,230
Erzeroum	771,993	336.670	295,251	65,885	57,618
Vilayet de Diarbékir	390,785	160,049	147,897	26,895	25,519

Ambassade d'Allemagne, Londres,
le 29 janvier, 1914.

[3402] No. 86.

Sir Edward Grey to Sir L. Mallet.

(No. 57.) *Foreign Office, January* 29, 1914.

Sir,

THE Turkish Ambassador informed Sir A. Nicolson on the 22nd instant that he wished to ascertain what was passing in regard to the Ægean islands, &c. Sir A. Nicolson replied that the Powers were in consultation on the subject, and that he could give his Excellency no information.

Tewfik Pasha then stated that he had received a visit from M. Venizelos, who had intimated that Greece would be glad to arrange an *entente* with Turkey. His Excellency had answered that he personally would be in favour of such an *entente*, but that M. Venizelos, when he returned to Athens, had better think over the matter and explain to the Porte on what basis he desired an *entente*, and what was to be its scope and character. Tewfik Pasha remarked that he understood M. Venizelos to

desire an *entente* guaranteeing peace between Turkey and Greece in the Ægean Sea. Upon Sir A. Nicolson asking whether such a proposal would be favourably regarded at Constantinople, his Excellency observed that he did not know. He had, he said, been consulted by his Government as to overtures made by Bulgaria for Turkish co-operation in possible adventures against Greece and Servia, or in any case for benevolent Turkish neutrality, should hostilities arise. He had strongly recommended, and he believed his Government were in accord, that such overtures should not be entertained. Turkey had need of repose and recuperation, and it would be foolish policy to assist Bulgaria, even indirectly, to have her revenge on Greece or Servia, as, should Bulgaria be victorious, she would thereby become stronger, and would then endeavour to recover from Turkey what the latter had been able to regain. It was not to the interest of Turkey to encourage the designs or aspirations of Bulgaria.

I am, &c.
E. GREY.

[2742] No. 87.

Sir Edward Grey to Count Benckendorff.

SIR E. GREY presents his compliments to the Russian Ambassador and, in reply to his Excellency's enquiry of the 19th January respecting the proposed increase of the Turkish customs from 11 per cent. to 15 per cent. *ad valorem*, has the honour to state that His Majesty's Government see no objection to the immediate assent of the Russian Government to this measure being given in principle.

Sir E. Grey observes that reference is made, in Count Benckendorff's communication, to the Russian draft agreement with Turkey respecting railways and certain economic questions; His Majesty's Government would be much interested if they could be apprised in due course of the railway lines which are contemplated by this agreement.

His Majesty's Government propose to give their assent to the increase of the Turkish customs dues as soon as the Turkish Government are in a position to sign the agreement, which has already been communicated to the Russian Government, relating to railway rates and cognate matters in Asiatic Turkey.

Foreign Office, January 29, 1914.

[3223] No. 88.

Memorandum communicated to M. Cambon.

ON the 20th January the French Ambassador informed Sir E. Grey of the progress then being made in the French negotiations with Germany respecting railways in Asia Minor. His Excellency at the same time expressed the hope that the agreement between Great Britain and Germany would not be signed until the French agreement with Germany was ready for signature, and that the British, French, and Russian agreements with Turkey should all be signed simultaneously.

Sir E. Grey replied that the Anglo-Turkish agreements connected with the proposed customs increase, as distinct from the monopolies, had already been signed some months previously, with the single exception of that relating to railways in Asiatic Turkey, which the Ottoman Government were not in a position to sign pending the completion of negotiations now approaching conclusion between the Ottoman Government and the Bagdad Railway Company.

As regards the Anglo-German negotiations, Sir E. Grey would recall to M. Cambon that as early as the 4th July last the desire of His Majesty's Government to conclude the agreement with Germany as soon as possible was alluded to in a note from Sir A. Nicolson; and on the 14th August a memorandum was communicated to the French Embassy, in which it was explained that while His Majesty's Government were willing, if necessary, to delay for a little the conclusion of their own agreement with Germany, they felt confident that the French Government would, so far as possible, hasten the conclusion of their own agreement with the German Government. In a letter dated the 29th August M. de Fleuriau explained in outline how matters stood at that time, and again laid emphasis on the desire of the French Government that the British and French agreements with Germany should be concluded at the same time

PUBLIC RECORD OFFICE, LONDON

and on the 17th September His Majesty's Government agreed not to precipitate their agreement with Germany. Finally, in December, M. Cambon discussed with Sir A. Nicolson the subject again, and the 15th January was suggested as a suitable date which M. Cambon thought would quite meet the requirements of the French Government.

In these circumstances His Majesty's Government earnestly trust that the French Government will be satisfied if a date not later than the 14th February is now appointed for the signature of the agreements, since that is the latest date fixed for the ratification of an agreement between Great Britain and Turkey respecting the Persian Gulf and of other agreements.

The Anglo-German draft agreement has in substance been settled, and it is hoped that in the course of next week all outstanding points of detail will be arranged.

Foreign Office, January 29, 1914.

[3013] No. 89.

Foreign Office to Admiralty.

(Confidential.)

Foreign Office, January 29, 1914.

Sir,

FOR some time His Majesty's Government have been aware of the existence of Italian projects, variously reported as relating to mining, railway, and harbour enterprises, in Southern Asia Minor in the vicinity of Makri and Adalia.

As this region is adjacent to that served by the Smyrna–Aidin Railway, an important and long-established British undertaking which extends from Smyrna to Lake Eghirdir, it was obviously desirable to ascertain the nature and extent of the Italian rights and claims, and repeated attempts have accordingly been made with this object, both at Constantinople and Rome, but neither the Italian nor the Ottoman Government supplied any definite answer to the requests for information which have been made.

In these circumstances His Majesty's Ambassador at Constantinople informed the Ottoman Government that His Majesty's Government would be unable to recognise or agree to any concession which conflicted with the existing rights or just claims of the Smyrna–Aidin Railway Company.

It was accordingly arranged that a representative of the Italian syndicate concerned, a M. Nogara, should come to London in order to discuss the position with the board of the Smyrna–Aidin Company, which has been represented in this matter by Mr. W. C. Slaughter, of the firm of Messrs. Slaughter and May, solicitors.

It was not until the 20th instant that Mr. Slaughter was able to elicit any definite statement of the projects of M. Nogara, and a copy of a letter, accompanied by a sketch-map, from the former is enclosed.*

In this sketch-map the Italian railway projects are shown in violet and green, the Smyrna–Aidin Railway Company in black.

Copies of three further letters, dated the 19th and 21st January, from Mr. Slaughter are also enclosed†; and I am to request that you will draw the special attention of the Lords Commissioners of the Admiralty to the first paragraph of the first letter dated the 19th January.

A copy of article 2 of the agreement, dated October 1906, between the Ottoman Government and the Smyrna–Aidin Railway Company is enclosed for reference.‡ From this it will be seen that the company enjoy certain rights in regard to lines from Adalia.

M. Nogara is returning to London in the beginning of next week, and it will probably be necessary for the Smyrna–Aidin Company to give him some reply, more or less definite, at an early date.

I am to request that Sir E. Grey may be furnished with the views of the Lords Commissioners of the Admiralty as to the naval aspects of the creation of a port, of which the object is alleged to be purely commercial, at any point in the vicinity of Makri or Adalia, and I am to ask that, if possible, a very early reply may be sent to this letter.

I am, &c.
EYRE A. CROWE.

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* No. 58. † Nos. 55 and 62. ‡ Not reproduced.

[1836] No. 90.

Foreign Office to Admiralty.

Foreign Office, January 29, 1914.

Sir,

WITH reference to your letters of the 11th ultimo and 14th instant, I am directed by Secretary Sir E. Grey to state, for the information of the Lords Commissioners of the Admiralty, that he has reconsidered the terms of the reply to be addressed to the Turkish Ambassador respecting the selection of officers for the Turkish fleet, the draft of which was enclosed in my letter to you of the 12th ultimo.

Sir E. Grey shares the view expressed in paragraph 2 of your letter of the 11th December last, and is therefore disposed to think that it is not necessary to commit His Majesty's Government in advance to so definite an opinion as is entailed by a reference to the Foreign Enlistment Act.

I am accordingly to transmit herewith an amended draft for concurrence, at the early convenience, of the Board of Admiralty.

I am to add that whilst Sir E. Grey has no objection to offer to the proposed reply of the Lords Commissioners to Admiral Limpus, enclosed in your letter of the 11th ultimo, he would suggest that a copy of the correspondence between the Turkish Ambassador and this Office might be communicated to him for his confidential information.

With reference to the last paragraph of your letter of the 13th instant, I am to state that in the list enclosed in my letter of the 12th ultimo, Nos. 1, 2, 13, and 16 should have been marked with a red cross,* and Nos. 14 and 15 with a blue cross,† and I am to express Sir E. Grey's regret that these indications should have been inadvertently omitted.

I am, &c.
EYRE A. CROWE.

[4349] No. 91.

Memorandum communicated by Herr von Kühlmann, January 30, 1914.

(Translation.)

ON the 4th ultimo the German Chargé d'Affaires, when leaving a memorandum on the subject with Sir Eyre Crowe, discussed with him confidentially the situation created by the desire of Russia to be represented on the Ottoman Public Debt, and, after explaining the German point of view, gave expression to the hope that in the event of their not opposing the Russian demand, His Majesty's Government would also support the justifiable claims of Germany.

Sir Eyre Crowe was not at the time in a position to make a definite statement in regard to the attitude of His Majesty's Government, as the observations of the Treasury on the whole question were awaited.

In the meantime the Russian Government have opened a discussion at Berlin with regard to their desire for the admission of a Russian representative to the administration of the Ottoman Public Debt. The German Government have replied that in their opinion the decree of Muharrem, on which the administration of the Ottoman Public Debt is based, can only be modified with the consent of all the creditor syndicates. The German syndicate would only agree to the modification of the decree, as proposed by Russia, on condition that the position and interests of capitalists with money invested in Turkey were taken into consideration. In the first place, they would require that the German bondholders, by virtue of their actual share in the debt, should be given the right to appoint a second representative to the Council of the Debt, and to have a share in the presidency. Apart from that, the German creditors would have to stipulate, before agreeing to any modification of the *status quo*, that all financial questions arising out of the Balkan crisis, especially the question of the share of the Ottoman Debt to be assumed by the Balkan States, should be definitely settled in a manner satisfactory to German interests.

* This is denoted in Print Section by an asterisk (*).
† This is denoted in Print Section by a dagger (†).

The more important considerations which have given rise to the German counter-demands are fully explained in the above-mentioned memorandum left with Sir Eyre Crowe by Herr von Kühlmann.

German Embassy, London,
January 24, 1914.

[4452] No. 92.

Anglo-Persian Oil Company to Foreign Office.—(*Received January* 31.)

(Private and Confidential.) *Winchester House, Old Broad Street,*
London, January 30, 1914.

Sir,

I HAVE the honour to refer to my letter of the 23rd January replying to your letter of the 16th idem regarding the Mesopotamian oil concession.

In view of the intimation they have received that a very early decision in this matter is required and as the negotiations regarding the Admiralty contract have meanwhile advanced a stage, my colleagues have carefully reconsidered the proposals communicated to them at the Board of Trade conference of the 28th November. Those proposals were that the oil concession in the provinces of Mosul and Bagdad should be granted to the British group, represented by Mr. D'Arcy and his colleagues, and to the Turkish Petroleum Company in equal shares, that is to say—

50 per cent. to the British group, and
50 per cent. to the Turkish Petroleum Company,

of which 25 per cent. would be taken by the "Shell" Company, and 25 per cent. by the Deutsche Bank. It was also suggested that the first chairman of the company formed should be British.

Seeing that in the opinion of the Foreign Office no better terms are obtainable, at any rate in the direction indicated by the conditions 3 and 4 suggested in my letter of the 9th December, my colleagues, after careful examination and discussion, are willing to accept the proposals made, subject to the following remarks:—

In your letter of the 16th January you do not comment on the conditions 1 and 2 suggested in my letter of the 9th December, and it is therefore assumed that they are not unacceptable to the Foreign Office. I am to say that my colleagues regard them as of great importance if the continued participation in the concession of the British group is to be properly safeguarded. For the attainment of this object, it is imperative that it should not be in the power of the foreign group (the stronger group both financially and commercially) either to insist on the formation at once of a large company before the field is proved, or to demand that the capital of such a company when formed should be provided by the concessionnaires *pro rata*, and should not be raised by a public issue. My colleagues would therefore urge very earnestly that every effort should be made to secure these safeguards as part of the Government's assent to this final settlement.

As regards the chairmanship, I may add that it was understood, both at the conference at the Board of Trade and also at the interviews which I subsequently had with Herr Stauss, that no serious objection was likely to be raised to the proposal that the first chairman should be British, provided he was a gentleman of eminence. I am to suggest that every effort should be made by the Foreign Office to insist on the acceptance of this condition, and also to secure that the term for which the chairman should hold office be not less than eight years. A shorter term than this, especially in the early period of its formation and development, would not be conducive to the company's prosperity.

I have, &c.
C. GREENWAY.

[4555] No. 93*.

Sir L. Mallet to Sir Edward Grey.—(Received January 31.)

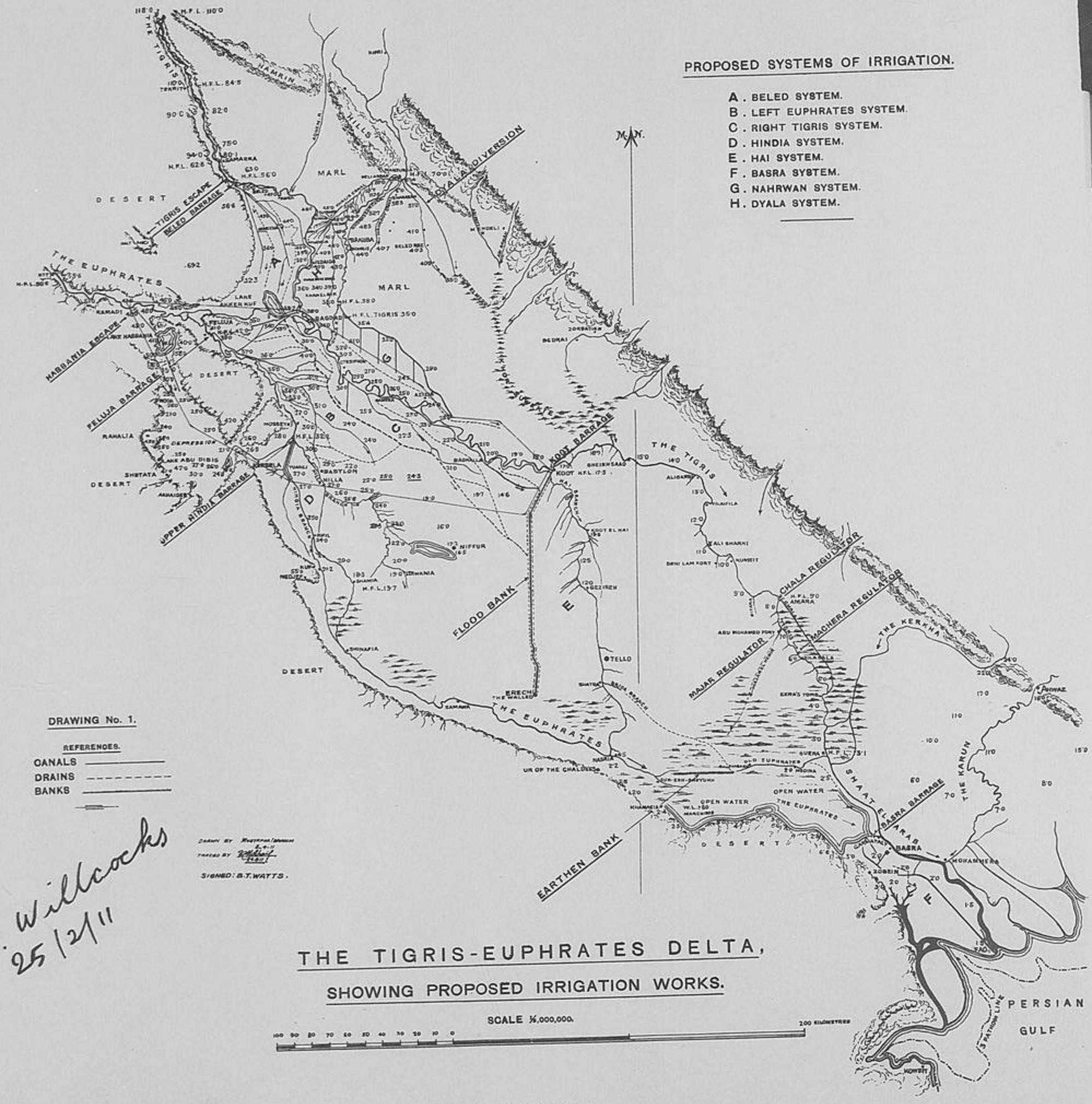
(No. 71. Very Confidential.)
(Telegraphic.) P. *Constantinople, January* 31, 1914.

COMMAND of Scutari division.

I am informed confidentially by Russian Chargé d'Affaires that his Government are interested in this question, and that he has received repeated instructions to urge Turkish Government not to appoint a German officer.

Colonel Nicolay, a German officer, has temporary command of this division, and as it was always understood that some units of all arms should be under the command of a German officer for purposes of training, it is almost certain that this post will be permanently filled by a German (see my telegram No. 57 of the 24th January). German Chargé d'Affaires, I am told by M. Goulkevitch, emphasised the insistence of his Government on this point in the most uncompromising manner, and, though unaware of my Russian colleague's instructions, made clear the attitude his Government would take up should question be raised.

Should Russian Government decide to object and ask for our support, view of military attaché is that matter is not of sufficient importance to be taken up, and this view is shared by M. Goulkevitch, who deprecates action most strongly, but does not know whether M. Sazonof will accept his view.



W. Willcocks
25/2/11

(50 2/14 2365) F.O. Turkey Vol.

[5976]

No. 93.

Mesopotamia Irrigation: Sir W. Willcocks's Scheme.—(*Communicated by Messrs. Pearson, January* 31, 1914.)

Paragraph in Sir W. Willcocks's Report.	Works included.	Sir W. Willcocks's Estimate.	
		£ T.	£ T.
	Work already in Hand.		
8	Hindieh barrage works, including Hilla branch works	669,480	669,480
	Works reported as to be Adjudicated on in 1914. (Marked in red on attached plan.)		
9	Habbanieh escape	791,000	
10	Dam along the right bank of the Tigris, Sakhlawieh regulator, Bagdad dyke, &c.	214,940	
11	Feluja barrage, diversion of the Euphrates thereat, &c.	711,620	
12	Right Tigris canal system, including Upper and Lower Sakhlawieh regulators, Akkar Kouf dam, Right Tigris, Lower Melcha, Harrea and Bagela canals, bridges, &c.	1,889,480	
13	Left Euphrates canal system, including Left Euphrates, Abou Goraib, Right Goraib, and Left Goraib, Upper Melcha, Koutha, Iskanderieh, Mahmoudieh, Radwanieh, Latafieh and Babylon canals, &c.	1,192,660	
14	Akkar Kouf drain and drains Nos. 1 to 10, regulators, bridges, &c.	554,220	
	Subsidiary Works on the Hindieh Branch.		
19	Two canals, regulators, &c.	67,940	
		5,421,860	
	Less paragraph 12—Right Tigris canal system below kilometre 69	1,006,760	4,415,100
12	Right Tigris canal system below kilometre 69	..	1,006,760
	Other Works.		
16	Tigris navigation, including Chala, Majar Kebir, and Machera barrages	48,380	
17	Kout barrage and Hai system, including Kout barrage, diversion of the Tigris, diversion of the Hai branch, Hai escape, drains, canals, &c.	2,757,980	
18	Basra system, including the Basra barrage, repair of the old Euphrates bank, canals, and drains	1,996,960	
20	Beled barrage, including barrages at Beled, the Ashik dyke and diversion of the Tigris, Didjail escape, canals, drains, &c.	2,118,240	
21	The Nahrouan irrigation, including the diversion of the Dyala, the Lower Nahrouan, and other canals, &c.	1,817,120	
Page 52	Euphrates overflow	425,000	9,163,680
	Grand total	..	15,255,020

[4747] No. 94.

Minute by Mr. Parker.

IN view of the negotiations which it is proposed should take place during the first week of February with representatives of the Deutsche Bank and Bagdad Railway, I asked Lord Inchcape, with his solicitors, to come to the Foreign Office this afternoon to meet Mr. Slaughter, as representing the Lynch interests.

I said that it was important firstly that all the British elements should be in agreement before entering upon the negotiation with the Germans and, secondly, as time was short and it was desired if possible to ratify our agreements with Turkey before the 15th February, and these agreements were dependent largely upon a settlement between us and Germany, that a time table should be decided and the objects to be achieved in a settlement with the Germans clearly laid down.

It turned out that Lord Inchcape and Mr. Lynch were far from agreed on several points, and it took nearly three hours before the two interests could be reconciled, which was only done, subject to the confirmation of Mr. Lynch, in the end by the annexed memorandum being agreed, and by Lord Inchcape agreeing that the Management Company in London should be called "Mackay and Lynch" or "Lynch and Mackay" according to the arbitrament of a coin.

It was agreed that it was unnecessary to say anything about the arrangements for the Management Company to the Germans, as Lord Inchcape, under the wording of the concession, has such power as is required for making the necessary contracts for management or other matters.

Mr. Slaughter then suggested that, on meeting the Germans on the 3rd February, we should say that they had now seen the concession, which was the platform on which negotiations should be conducted, and we should be glad to learn what were their views, subject to the terms of the concession, as to the manner in which German participation should take place in the proposed Ottoman Company, though that was a matter which primarily concerned Turkey, out of whose share the German participation was to come.

Herr von Kuehlmann had told me that the German interests objected to the system of voting

in units, as it rendered the German director powerless, and the provision would provoke much criticism in Germany. I told Lord Inchcape and Mr. Slaughter that the German Ambassador had in writing agreed not to oppose any special arrangements as to voting which might be necessary to secure control for Lord Inchcape, and that we could hold the Germans to this, and say that the concession could not possibly be modified. If the Germans remained obstinate, then we should propose to pass on to other points so as to discover how far we were in agreement, leaving this to the end. Then, as a great concession, Mr. Slaughter suggested that we should agree, *so far as the Turkish side of the new Company were concerned*, to the alteration of the unit system, retaining it for the British side, which would be an alteration of form merely, as the Turkish side would consist of four or three independent votes (of which one would be German) and the British side would consist of four or three votes in unison, controlled by Lord Inchcape. This would secure the independence of the German director, while not invalidating the control of Lord Inchcape over the whole Company. It depends on Turkish assent, and a clause will be ready drafted for Hakki to telegraph to Constantinople if necessary, but the intention is to close the interview on Tuesday with the Germans with the impression that the concession cannot possibly be modified.

We then passed to the rights of the Bagdad Railway Company under article 9 of the Convention of 1903 for the conveyance of railway material. I read to Lord Inchcape and Mr. Slaughter the British counter-draft of December 1913 of article 4 clause (c) and the new German counter-draft of the same clause. They are as follows, alterations being shown by italics and erased type:—

Article 4 (c).—(i.) It is, nevertheless, understood that nothing in this article shall be held to affect the rights conceded by article 9 of the Bagdad Railway Convention of the 5th March, 1903, except in so far that His Britannic Majesty's Government and the Imperial German Government hereby agree and declare, so far as concerns themselves, that they adhere to, and will use their best endeavours to secure the due execution of the following provisions of the arrangement

referred to in article 2 of the present convention :—

The Bagdad Railway Company's rights under article 9 of the aforesaid Convention of the 5th March, 1903, ~~shall not continue to be exercised after the 31st January, 1919, unless it is shown that no other satisfactory means are available for the purposes specified in the said article 9, and in any case they~~ shall cease on the completion of the construction of the Bagdad Railway to Basra.

Article 4 (*c*).—(ii.) It is further agreed that if an arrangement to the satisfaction of the parties concerned can be made for the conveyance by river of the aforesaid materials through ~~British or Ottoman agency,~~ *the Ottoman Company for river navigation*, His Britannic Majesty's Government and the Imperial German Government will use their best endeavours to secure the conclusion of such an arrangement.

It was agreed that, so far as the British interests are concerned, there appears to be no objection in the alteration in sub-clause (*c*) (ii): it would merely mean that the Société des Transports Fluviaux would be dissolved, and, subject to financial adjustment with the German interests, it would make no difference to Lord Inchcape and Mr. Lynch. Instead of the Management Company in London having to administer three companies, the new Ottoman Company, the Euphrates and Tigris, and the Fluviaux Company, it would only be concerned with the first two, the profits of the third, or Fluviaux, passing through the new Ottoman Company.

As regards sub-clause (*c*) (i), I explained that His Majesty's Government did attach great importance to getting a specific time limit to the German rights of navigation derived under article 9 of the Bagdad Railway Convention, as otherwise, under one pretext or another, there would always be claims for the exercise of the said rights. It was generally agreed that this was desirable, even if an arrangement such as that referred to in sub-clause (*c*) (ii) were concluded even before the signature of the Anglo-German convention.

Personally I think we should stand out at first for 5 years, then agree to compromise at 6, and perhaps, but this should depend on the course of the negotiations, agree to the German drafting of

sub-clause (*c*) (i) if we are hard pressed, but subject to the insertion of the words "main line of" before "the Bagdad Railway to Basra."

I then said that Sir E. Grey wished the British interests in the river navigation to have the first refusal of the proposed British share in the ports of Bagdad and Basra. Lord Inchcape suggested that he and Mr. Lynch should each go halves, and Mr. Slaughter thought that this seemed fair, and said he would mention the matter to his client. It was agreed, however, that in the negotiation with the Germans the British interest should be dealt with as one whole, leaving the details as to the manner of carrying out that participation between the British parties interested for later arrangement, subject to the understanding that the division between them should be half and half.

There is a change in the wording of clause (b) article 2 of the new German draft, where the German Government now assume a negative instead of a positive obligation, presumably in order to correspond to the negative obligation His Majesty's Government propose to assume with regard to the German participation in the river navigation. It will also be observed that the wording is altered with regard to British participation in contracts for construction and maintenance. Finally, it is matter for consideration whether the wording of article 4 clause (b) in regard to further issues of capital should not be adopted in article 2 clause (b).

Lord Inchcape, Mr. Lynch, Sir H. Johnson, Mr. Hotblack, and Mr. Slaughter are coming to the Foreign Office at 3·15 on the 3rd February, if, as is expected, the Germans can be present on that date, when it is proposed they should come to the Foreign Office at 3·45.

It was agreed that it would be best to take the negotiations in the order enumerated above, leaving the Germans to introduce the question of ferries when they like. If the ferries proposed are merely hand ferries, and so manipulated as not to interfere with navigation, Lord Inchcape did not think we could reasonably object. He adheres to his objections to German ferries and launches at Samara and Mosul.

A. P.

Foreign Office, January 31, 1914.

ANNEX.

Draft of Memorandum to be exchanged by Lord Inchcape and Mr. J. Lynch.

(Confidential.)

WHEREAS it is desirable that the proposed Ottoman Navigation Company and the Euphrates and Tigris Steam Navigation Company shall work together for the mutual advantage of both concerns and that it is contemplated to have a Management Company to work both concerns as one so as to save expense in administration and management, it is agreed that until the proposed Ottoman Company is formed there will be no reduction of rates made by Lord Inchcape, except with regard to allowances required under clause 29 of the concession signed by the said Lord Inchcape and His Highness Hakki Pasha on behalf of the Imperial Ottoman Government on the 12th December, 1913, with the view of deflecting the trade from the Euphrates and Tigris Company, and that as soon as the proposed Ottoman Company is formed Lord Inchcape will use his best endeavours and voting powers to arrange that the Euphrates and Tigris Company's fleet of steamers and barges shall be chartered by the proposed Ottoman Company for the whole period of the concession granted to Lord Inchcape, on a basis to give the Euphrates and Tigris Company a return per annum equivalent to the net earnings of its fleet, after paying working expenses, on the average of the last five years, subject to the charter rate being reduced in the event of the trade falling away from any cause, subject always to the fleet being maintained by the Euphrates and Tigris Company up to its present carrying capacity of barges and power and speed of steamers and in good order and up to date, and in a state to perform its services economically and efficiently, vessels and barges being replaced as necessary by new ones of modern type to the satisfaction of the proposed Ottoman Company, and divergence of opinion on these questions being subject to arbitration.

[4556] No. 95.

Sir L. Mallet to Sir Edward Grey.—(Received February 1.)

(No. 72.)
(Telegraphic.)

Constantinople, February 1, 1914.

PRESENT position of Ægean islands question gives importance to negotiations between Smyrna–Aidin Railway Company and Nogara, who, I gather from my Italian colleague, has not made much progress hitherto in London.

My Italian colleague told Nogara before he left that he must be careful to make it clear that there was no question of infringing legal contract right of British company, and that, as regards their interests and claims, as distinguished from their legal rights, he should endeavour to reconcile them with Italian projects. He is strongly in favour of co-operation.

Italian Ambassador says that if company reject Italian overtures, the Italian Government will consider themselves free to consult their own interests only, and will demand such concessions as suit them, whilst, of course, respecting terms of British company's contract. I have no reason for thinking that this is merely bluff. Company should realise that they are no longer in so strong a position as they were in this matter, as Turkey now appears to be desirous of recovering Dodecanese, in order to use them in a bargain with Greece. London negotiations have become, in a sense, pivot on which this depends. I do not expect that Turkey would have much regard in present circumstances to claims of company which were not based on written rights, or that she would pay much attention to my appeals if pressed by Italians, whose leverage is possession of islands.

We have no leverage, and our position would not be improved if company's alleged attitude to Italian advances were held to mean that His Majesty's Government were blocking a solution of the islands question on basis of exchange. Apart from question of exchange, which, it is supposed in some quarters here, His Majesty's Government would not favour in view of telegrams in press announcing that they have proposed coercion to force Turkey to accept decision of the Powers, there will be no question of Italians evacuating Dodecanese until they have obtained concession in Adalia district, so far as I can gather from my Italian colleague.

Italian Ambassador attaches great importance to our co-operation, and I cannot help thinking that a good deal depends on our attitude. He repeats that he is a strong partisan of Anglo-Italian harmony in Turkey and in Mediterranean, and, whilst not attaching exaggerated importance in the circumstances to declarations of this kind, I think that Ambassador is sincere, and that there is advantage in holding him to his professions of friendship and of desire for co-operation, especially in view of influential position which I am told he occupies in Italy and of his future prospects there; and that if company rejects present overtures His Majesty's Government will be held responsible for closing the door on this prospect.

Italian opposition here may affect our interests prejudicially in many ways

They can make difficulties in Red Sea, and there is some ground for thinking that delay in transfer of Farsan oil permits is due to Italian Ambassador, though I could not prove this. Nogara is to meet company on Monday, and I gather that a good deal may depend on result.

[4583] No. 96.

Sir L. Mallet to Sir Edward Grey.—(Received February 2.)

(No. 44. Confidential.)

Constantinople, January 25, 1914.

Sir,

I HAVE had the honour to receive your despatch No. 37, Confidential, of the 20th January, asking for my observations on the communications from the German and Ottoman Embassies respecting the fresh demands alleged to have been advanced by the Russian Embassy here in the matter of reforms for the Eastern Anatolian vilayets. The statements of Herr von Schubert as to the four new points said to have been raised by my Russian colleague are not based on fact, as, indeed, is shown by the two communications from the Ottoman Ambassador, and the incident savours of an attempt to go behind the back of the Russian Embassy here, and give an inaccurate impression as to its attitude in the matter.

Point (3) mentioned by Herr von Schubert not only is not unacceptable to the Turkish Government but has long ago been admitted by them all over the Empire, and forms part of the new military reorganisation scheme.

Neither it nor any of the other three points raised by the Secretary of the German Embassy is new, as will be evident from a reference to the draft project enclosed in my despatch No. 958 of the 25th November, which was drawn up by M. de Giers after consultation with the German Ambassador.

The only one that is under discussion with the Porte is No. (2), *i.e.*, the representation of the Mussulman and non-Mussulman elements on an equality as opposed to a proportional basis. Far from being a fresh demand, it forms one of the Russian proposals in July last, and was included in the draft project referred to above. As a solution is on the point of being arrived at in this matter, any further remarks would be purely academical.

The communication of the German Embassy is evidence of the impression which has prevailed here that the Turkish Government would have agreed some time since to the Russian proposals had they not been supported in their resistance by some outside influenee.

I was aware that Herr von Mutius thought that it would be impossible to persist in a demand for parity of representation in all the vilayets, and I had, at his suggestion and at that of Talaat Bey, discussed this point with my Russian colleague in order, if possible, to arrive at some compromise which might be acceptable to the Armenians.

I have, &c
LOUIS MALLET.

[4586] No. 97.

Sir L. Mallet to Sir Edward Grey.—(Received February 2.)

(No. 47. Secret.)

Constantinople, January 25, 1914.

Sir,

I LEARN from a confidential source that a secret Commission has recently been formed at the Palace for regulating and defining the conduct of members of the Imperial Family. It appears to be of a permanent character, and is at present composed of the

Sheikh-ul-Islam, Enver Pasha, the Minister of War, and Said Halim Pasha, the Grand Vizier, with the Heir-Apparent as nominal, but not effective, president.

A set of regulations have been drawn up and received the Sultan's sanction. It would appear that, according to them, members of the Imperial Family are forbidden to mix in politics or identify themselves with any political party; further, they may not travel without the authorisation of the Commission and the Sultan's sanction. It is also, I am told, laid down that Princesses of the Blood, who have been married to persons outside the Imperial Family, are to be, or can be, separated or divorced from their husbands should the latter be considered *personæ ingratæ* by the Commission or the Government.

The appointment and decision of this Commission have naturally created a great commotion among the Princes and Princesses of the Imperial Family, who have been having secret gatherings to consider their position.

Some members of the entourages of the Sultan, Heir-Apparent, and other Princes have been recently changed and replaced by adherents of the Government, who may now be said to have the Imperial Family under its complete control.

The recent indisposition of the Sovereign has, it is rumoured, been the occasion of a decision on the part of the Government to alter the succession by excluding the present Heir-Apparent and the next heir Vahdedin Effendi, from the throne, and by nominating Selaheddin Effendi to the Sultanate. The reason for this change would be that Selaheddin Effendi is of a mild and amiable disposition and would be contented to play an effaced rôle. The appointment of the Commission of Control, which is the subject of this despatch, may possibly be an alternative to this proposal, which, however, might be revived if the Sultan fell seriously ill. The present system of succession is undoubtedly exceedingly cumbersome, and in the ordinary course it would seem impossible for Turkey to have a Sovereign under fifty years of age. At present there are in the male line some twelve Princes over twenty-five years of age entitled to succeed. In the past this difficulty was often got over by the murder or removal of rival Princes, who stood in the way of a young Prince who was ambitious of the throne. Sultan Mahmud II, who, at the age of twenty-two, succeeded in 1808, as the result of a dynastic tragedy, was the sole surviving scion of the house of Othman. As he reigned for over thirty years and was succeeded by his eldest son, Abdul Méjid, the difficulty did not occur until after the Crimean war, when Turkey entered the comity of nations, and violent dynastic convulsions became morally impossible. The modernisation of the dynasty problem is thus one of the most difficult which Young Turkey has to face, and it is complicated by the theocratic character of the monarchy.

The possession of the Caliphate is an asset of great importance to the Ottoman Empire, but it creates a difficulty for a quasi-constitutional Government, or for a Government which has usurped the temporal power of the Sultan, inasmuch as an ambitious and able Sovereign might utilise his spiritual absolutism and lordship over the Moslem world to re-assert his rights.

I have, &c.
LOUIS MALLET.

[4587] No. 98.

Sir L. Mallet to Sir Edward Grey.—(Received February 2.)

(No. 48.) *Constantinople, January 28, 1914.*

Sir,

THE hopes of an immediate conclusion of the discussion respecting Armenian reform, which I reported as probable in my despatch No. 1045 of the 31st December, 1913, were not fulfilled, but I am now able to transmit to you the result of the subsequent discussions, from which it will be seen that substantial progress has been made, and that there is only one point outstanding which has not yet received a satisfactory solution, namely, the question of parity of representation in the General Assemblies and Administrative Councils.

The delay in concluding the negotiations has been due to differences of opinion with the Porte as to the nature of the instructions which shall be addressed to the inspectors-general, and as to the attributions which shall be conferred upon them.

It will be seen from the enclosed draft of the note, which the Porte is to address to the Ambassadors in accordance with the procedure indicated in my previous despatch, that sufficiently full powers will be given to the inspectors-general to enable them, at any rate on paper, to control the administration of the eastern vilayets.

The Porte has accorded them the right to revoke all officials whose incompetence and bad conduct are proved, and they are even enabled in special circumstances to suspend judicial functionaries, on condition of referring the case immediately to the Department of Justice.

The only officials excepted from this provision are the Valis, whose dependence upon the inspector-general it was impossible for the Russian Ambassador to induce the Porte to accept. They argued that the subordination of the Valis to the inspectors-general would be inconsistent with their whole system of provincial Government, and that, as the authority of the Valis was derived direct from the Padishah, His Imperial Majesty alone could appoint and remove them. The Grand Vizier, with whom I discussed the question, told me, moreover, that he would be faced with the resignations of all the best Valis in the country if this provision were adopted, and that they would not be able to obtain the services in the future of any but second-rate men. Without attaching undue importance to these arguments, as it was perfectly clear that insistence would only result in a deadlock, M. de Giers finally decided to give way and to accept the clause inserted in the annexed draft note, under which it is agreed that in the cases of acts committed by Valis requiring urgent attention, the inspector-general should submit the question to the Ministry of Interior by telegram, and that the matter shall be decided in four days' time. This affords, in my opinion, a satisfactory compromise, and it is unlikely that the Valis will push matters to extremities in view of the very wide powers with which the inspectors-general will be invested in regard to the dismissal of the subordinate officials.

I also discussed the question myself with Talaat Bey, and, in reply to my remark that the Porte might decide a dispute between the inspector-general and the Vali in favour of the latter, his Excellency replied that such a solution was not probable, as it would result in the resignation of the inspector-general and in the consequent obligation on the part of the Turks to apply to the Powers for the nomination of another.

In regard to the wording of the clause referring to the nomination of new inspectors-general, should the post become at any time vacant, as to which I reported previously there was some difficulty, it will be seen that a form has been adopted which meets the objections of the Porte.

The three questions which have given rise to most discussion have been that respecting the maintenance of the schools in the eastern vilayets, the abolition of the Hamidieh regiments, and parity of representation between Christians and Mussulmans in the General Assemblies and Administrative Councils; the Porte contending, in respect of the article relating to schools, that it was impossible for them to allow the Armenians to collect and spend their own share of the school tax in accordance with the original proposals. The draft now agreed upon is upon the whole of a satisfactory nature. In regard to the abolition of the Hamidieh regiments, the Government would not consent to so categoric a wording as that suggested by M. de Giers, but a compromise has been found which provides for the transformation of these regiments into a cavalry reserve and for their disarmament, except in the case of mobilisation and manœuvres. Placed under the orders of the commander of the Army Corps, they will be obliged to serve for one year in the army. I think that it may be considered that this provision is on the whole satisfactory.

The article relating to parity of representation is still under discussion.

You will observe that the draft article proposes that, until a census is completed, the members elected to the General Assemblies and the Administrative Councils should be elected on a half-and-half basis, except in the case of Trebizonde, where the Armenians are admittedly in a very small minority. The Turkish Government would not agree to the provision maintaining that in many parts of the country the Armenians were in a minority, and that there would be danger in admitting the principle of equal representation where the Mussulman population was preponderant. Since this draft was submitted the Turkish Government are ready to grant the Russian demands in the case of Van and Bitlis, and my Russian colleague hopes to get Kharput also included; but the discussion is still proceeding, and I hope to be able shortly to inform you that a compromise has been reached which will be acceptable to the Armenian community, with which my Russian colleague has, I understand, been in confidential communication.

I have kept in close touch with the Russian Embassy throughout the negotiations, and have on frequent occasions supported M. de Giers and latterly M. Goulkevitch in their representations.

I had no reason to suppose, until I received your despatch No. 37 of the

20th January, to which I am replying separately, that the German Chargé d'Affaires was not in substantial agreement with my Russian colleague, although he on one occasion expressed to me the opinion that M. de Giers was too uncompromising in his demands.

I should be glad to be informed whether you approve the terms of the draft note which it is proposed that the Porte should address to the representatives of the Great Powers.

I have, &c.
LOUIS MALLET.

Enclosure in No. 98.

Note.

DEUX inspecteurs généraux étrangers seront placés à la tête des deux secteurs de l'Anatolie orientale A . . . . et B . . . .

Les inspecteurs généraux auront le contrôle de l'administration, de la justice, de la police et de la gendarmerie de leur secteur.

Dans le cas où les forces de sûreté publique s'y trouveraient insuffisantes, sur la demande de l'inspecteur général les forces militaires devront être mises à sa disposition pour l'exécution des mesures prises dans les limites de sa compétence.

Les inspecteurs généraux révoquent, selon le cas, tous les fonctionnaires dont ils auront constaté l'insuffisance ou la mauvaise conduite en déférant à la justice ceux qui se seraient rendus coupables d'un acte punissable ; ils remplacent les fonctionnaires subalternes révoqués par de nouveaux titulaires remplissant les conditions d'admission et de capacité prévues par les lois et règlements. Ils auront le droit de présenter à la nomination du Gouvernement de Sa Majesté le Sultan les fonctionnaires supérieurs. De toutes les mesures de révocation prises, ils préviennent immédiatement les Ministères compétents par des dépêches télégraphiques brièvement motivées, suivies dans la huitaine du dossier de ces fonctionnaires et d'un exposé des motifs détaillé.

Dans des cas graves nécessitant des mesures urgentes, les inspecteurs généraux jouiront d'un droit de suspension immédiate à l'égard des fonctionnaires inamovibles de l'ordre judiciaire, à la condition d'en déférer immédiatement les cas au Département de la Justice.

Dans les cas où il serait constaté des actes commis par les Valis nécessitant l'emploi des mesures de rigueur urgentes, les inspecteurs généraux soumettront par télégraphe le cas au Ministère de l'Intérieur, qui en saisira immédiatement le Conseil des Ministres, lequel statuera dans un délai maximum de quatre jours après la réception du télégramme de l'inspecteur général.

Les conflits agraires seront tranchés sous la surveillance directe des inspecteurs généraux.

Des instructions plus détaillées relatives à leurs devoirs et à leurs attributions seront élaborées après leur nomination et avec leur concours.

Dans le cas où durant le terme de dix années les postes des inspecteurs généraux deviendraient vacants, la Sublime Porte compte pour le choix des dix (*sic*) inspecteurs généraux sur le concours bienveillant des Grandes Puissances.

Les lois, décrets et avis officiels seront publiés dans chaque secteur dans les langues locales. Chaque partie aura le droit devant les tribunaux et devant l'administration de faire usage de sa langue lorsque l'inspecteur général le jugera possible. Les jugements des tribunaux seront libellés en turc et accompagnés, si possible, d'une traduction dans la langue des parties.

La part de chaque élément ethnique ("ounsour") dans le budget de l'Instruction publique de chaque vilayet sera déterminé proportionnellement à sa participation aux impôts perçus pour l'instruction publique. Le Gouvernement Impérial ne fera aucune entrave à ce que dans les communautés les coreligionnaires contribuent à l'entretien de leurs écoles.

Tout Ottoman devra accomplir son service militaire en temps de paix et de tranquillité dans la région de l'inspectorat militaire qu'il habite. Toutefois, le Gouvernement Impérial enverra jusqu'à nouvel ordre dans les localités éloignées du Yémen, de l'Assir et du Nedjd des contingents de l'armée de terre prélevés de toutes les parties de l'Empire ottoman proportionnellement aux populations y établies ; il enrôlera, en outre, dans l'armée de mer les conscrits pris dans tout l'Empire en observant le même principe de la proportion.

Les régiments Hamidié seront transformés en cavalerie de réserve.

Leurs armes seront conservées dans les dépôts militaires et ne leur seront distribuées qu'en cas de mobilisation ou de manœuvres. Ils seront placés sous les ordres des commandants de corps d'armée dont la zone comprend la circonscription où ils se trouvent. En temps de paix les commandants des régiments, d'escadrons et de sections seront choisis parmi les officiers de l'armée Impériale ottomane active. Les soldats de ces régiments seront soumis au service militaire d'un an. Pour y être admis, ils devront se pourvoir par eux-mêmes de leurs chevaux avec tout l'équipement de ceux-ci. Toute personne, sans distinction de race ni de religion, se trouvant dans la circonscription, qui se soumettrait à ces exigences, pourra être enrôlée dans lesdits régiments. Réunies en cas de manœuvres ou de mobilisation, ces troupes seront soumises aux mêmes règles disciplinaires que les troupes régulières.

La compétence des assemblées générales des vilayets est fixée d'après les principes de la loi du 13 mars, 1329 (1913).

[4590] No. 99.

Sir L. Mallet to Sir Edward Grey.—(Received February 2.)

(No. 51.)

Sir, *Constantinople, January 27, 1914.*

IN my despatch No. 12 of the 12th January I had occasion to allude to the anti-Christian boycott propaganda referred to by His Majesty's consul at Adrianople. The movement has since attained considerable proportions, especially in the case of the Greeks, both Ottomans and Hellenes. The question of the islands and the consequent agitation for the increase of the fleet has undoubtedly aroused amongst the Mussulmans considerable feeling, which has been worked upon by those in the Committee, who dislike the Greeks as commercial rivals both here and at Salonica, and have persuaded the Turks that all Christians are traitors to Islam. The Turks have been urged to boycott all Greek shops, to force Greek shopkeepers and others to contribute handsomely to the Ottoman Fleet Fund, and to ruin and supplant Greek traders, &c., by starting "Moslem" shops and companies to which all true Mahommedans should give their custom.

Notices have been posted up at mosques denouncing certain Greek tradesmen by name, while pickets in some cases have been placed at the doors of shops and warehouses, preventing Moslems from entering them, and in some cases forcibly dragging out Moslem customers who had entered Greek shops. One Greek shopkeeper was compelled to give, *e.g.*, one day's takings to the Ottoman Naval Fund, and on the day appointed found his premises invaded by crowds of Moslem customers who bought out the entire contents of his shop. Some Greek traders have suffered serious loss, and been forced to close their business places, while a few cases of actual violence have occurred in different parts of the capital. Many European wholesale merchants here carry on a retail business mainly through these petty Greek traders, and thus found their position seriously threatened. Some such German merchants have complained to their embassy, which, I learn, has taken the matter up with the Porte.

The Œcumenical Patriarch headed a deputation to the Minister of the Interior, who promised to see that the violently anti-Greek tone of the Turkish press should be altered, and gave orders that the police should prevent any overt forcible interference with Greek shopkeepers. A lull has at once followed, inasfar as the violent forms of the boycott are concerned.

The action of the Patriarch was almost coincident with the receipt of telegrams from Djavid Bey from Paris, stating that there was but small chance of a loan so long as the press maintained its warlike tone. This warning and the intervention of the Patriarch have led to a considerable improvement in the situation, and the newspapers are full of the advisability of coming to terms with Greece about the islands.

If, however, no arrangement is arrived at, it may be expected that the anti-Greek movement will recommence, and may lead to a very serious situation, for it would not be difficult to persuade the Mussulman population, which has suffered most severely from the wars, that the evils which beset them are due to the foreigners and the Christians.

I have, &c.
LOUIS MALLET.

[4601] No. 100.

Prince Lichnowsky to Sir Edward Grey.—(*Received February* 2.)

(Translation.)

German Embassy, February 1, 1914.

Your Excellency,

UNDER instructions from my Government, I have the honour to transmit to your Excellency herewith a statement containing the counter-proposals of the Imperial Government in regard to the draft agreement respecting the Bagdad Railway, enclosed in the confidential memorandum of the 15th December, 1913.

I have, &c.

LICHNOWSKY.

Enclosure 1 in No. 100.

Memorandum communicated by Prince Lichnowsky.

THE Imperial Government have, with the greatest care, studied the British counter-draft for an Anglo-German Convention of the 15th December, 1913, and the confidential memorandum of the same date. Prince Lichnowsky now has the honour to communicate a further draft designed to meet as far as possible the views put forward in the British memorandum of the 15th December.

It must be emphatically stated that the proposals made on the 7th May, 1913, have always been considered by the Imperial Government as tentative and non-committal. Their aim was to establish, as far as possible with such intricate questions covering a wide field and deeply affecting important interests, a basis for discussion.

It is inevitable that in such a discussion as the different questions are explained in fuller detail some modifications have to take place, and it must be pointed out that if the draft as it now stands gives to Germany some advantages not mentioned in the draft of the 7th May, 1913, it contains, on the other hand, important German concessions not stipulated in this draft, as, for instance, the very important article 3, clause (*b*), or the participation with 40 per cent. of British capital in the construction and management of the port of Bagdad. It is not proposed to deal here with the points raised in this connection in the memorandum (article 2, clause (*c*); article 4, clauses (*b*) and (*c*), and article 5, clause (*b*), as they have to be examined in detail later on), but it can be stated that none of these points if agreed to by His Majesty's Government would in any appreciable or essential way interfere with the objects which His Majesty's Government was aiming at.

The two points put forward in the memorandum as being the most important desiderata of His Majesty's Government have from the beginning of the negotiations been in principle accepted by the Imperial Government.

It is open to considerable doubt if a speedy solution of the questions still under discussion would be advanced by examining in a sort of historical retrospect at length every concession made by both sides in the course of the negotiations and by covering a good deal of ground where agreement has already been practically obtained; the Imperial Government therefore, while entirely reserving their attitude towards the arguments adduced in the British memorandum, prefer to confine their remarks to the details of the convention actually still under discussion.

The Imperial Government hope that His Majesty's Government will examine the proposals of the counter-draft here included in a spirit of fairness and conciliation, so that a speedy and satisfactory solution of all outstanding points may be attained. Prince Lichnowsky will now proceed to discuss *seriatim* the points raised by the British counter-draft of the 15th December, 1913.

Article 1. Article 1 remains materially as proposed in the British counter-draft. The Imperial Government agree to furnish His Majesty's Government with authentic copies of all agreements between the Ottoman Government and the Bagdad Railway Company, and it is also agreed that it should be expressly stated in the explanatory note that the freedom of action of the British Government with regard to future variations of the concession is not impaired by this wording. This is accepted on the

distinct understanding that the British Government shall act in exactly the same way about all agreements concerning river navigation in Mesopotamia and the River Conservancy Commission.

The inclusion is accepted in the explanatory note of the words "under the express condition that no prejudice of an economical or financial nature is caused to Great Britain in pursuance of this clause." The German Government agree that the obligations of Great Britain under this clause should be defined in the same document. There has been no intention on the side of the Bagdad Railway interests to earmark any part of the Turkish customs increase to 15 per cent. for this undertaking, they think therefore sufficient if the explanatory note stated that Great Britain would be bound by this clause not to oppose an allocation of existing Turkish revenues sufficient for the construction of the Bagdad Railway system.

We would prefer to leave out clause (*b*) of article 1, as the line from Bagdad to Basra is part of the Bagdad Railway system. If this is done, "or management" would have to be inserted in article 1, clause (*a*).

As in article 2, clause (*a*) 1, Basra is expressly mentioned as the terminus of the line. This seems a further reason for leaving out clause (*b*) article 1.

Clause (*c*). The *modus procedendi* for the admission of English members to the Conseil d'Administration of the Bagdad Railway has been explained in Prince Lichnowsky's note of the 16th July, 1913. These proposals having been accepted there seems to be agreement about this point.

If the British Government insists on leaving out "as representatives of a group of British shareholders," this would be agreed to provided that "agreeable to His Britannic Majesty's Government" shall equally be left out of the convention. Both clauses could be inserted in the explanatory note. Both give details about the way to elect two British members which are entirely covered by the exchange of notes proposed by Prince Lichnowsky. It must be clearly understood that the two British members cannot enjoy any privileged position, but shall be in a position of absolute equality with all other members of the Conseil d'Administration. Should the British Government propose to drop clause (*c*) altogether and arrange for the election of the two British members by exchange of notes there would be no objection. It seems desirable to say "members" instead of "directors," and instead of the "Board of the Bagdad Railway Company," "Conseil d'Administration" of this company, as those are expressions used in the original documents. Without knowing exactly the arguments of the legal advisers of His Majesty's Government concerning certain remarks made by Herr von Gwinner in June 1913 it would not be possible to discuss them, but probably no useful purpose would be served by such discussion.

The Deutsche Bank does not agree with the views put forward on p. 5 of the British memorandum concerning the participation of British capital in the Bagdad Railway, but this question being highly technical might better be left to a special discussion between the Deutsche Bank representatives and British interests. The Deutsche Bank considers that their offer will put the British shareholders in a more favourable position than those shareholders who have been in the undertaking from the beginning. The intention of the Deutsche Bank is to offer part of the shares belonging now to the Ottoman Bank under exactly the same conditions under which these shares shall be sold by the Ottoman Bank to the German group.

Article 2. Clause (*a*) 1.—It is proposed to strike out "or in any other way derived," as the convention to be concluded between the Turkish Government and the Bagdad Railway only mentions article 23 of the Bagdad Railway Concession. There seems to be no necessity to retain those words, as there exists absolutely no agreement between Turkey and the Bagdad Railway from which such a right could be derived.

The Imperial Government cannot accept the statement that the stipulation in clause (*c*), concerning German representatives on the board of the Zobeir Gulf section, are misleading and inequitable, the same reasons which have prompted His Majesty's Government to ask for two members on the Conseil d'Administration of the Bagdad Railway, viz., to provide against any possible discrimination on that system, has led to demand a German representative on the board of the Zobeir line to safeguard the important rights conceded in article 2, clause (*a*) III. They nevertheless agree to leave out the second part of clause (*c*), beginning with "in this event" to "Bagdad Railway," provided that this is not taken to prejudice in any way the position the Imperial Government might take up should the line from Zobeir to the Gulf ever be undertaken, and provided a complete agreement is reached in all other outstanding points of the present convention.

IV. As British interests now demand a 40 per cent. participation both at Basra

and Bagdad it is proposed to have only one Company for both harbours. The text is modified accordingly.

The Imperial Government agree to section 4 of IV, but do not see their way to accept section 5, for which there seems to be no necessity as being entirely covered by section 4.

Clauses (*b*) and (*c*) are accepted in principle, but we propose to say at the beginning of clause (*b*), "The Imperial Government declare that they will not oppose," to make it exactly similar to article 4, clause (*b*). Instead of "Directorate" it is proposed to say "Conseil d'Administration," to bring it in accordance with the wording of the agreements with Turkey we would like to see the words "if any" maintained for the reasons given before.

Clause (*d*) is agreed to.

Article 3. Clauses (*a*) and (*b*) are accepted, but it is suggested that at the end of article 3 the Imperial Ottoman Government, being the Sovereign of the country, shall be named first of the three Governments.

In article 3, clause (c), it is proposed to strike out the words "in the provinces of Mosul and Bagdad." It seems an essential condition of an agreement like the one which is under discussion that one party should not interfere with acquired rights and important interests of the other. A limitation to the provinces of Mosul and Bagdad might be interpreted as if the Bagdad Railway interests agreed in all other provinces to the construction of railway lines either in direct competition with the company's lines or in contradiction with that company's rights.

The Imperial Government would like to have fuller information about plans to build at some distant date a line from the Mediterranean to Lower Mesopotamia as mentioned on page 7 of the British Memorandum.

Article 4. Clause (*a*) is agreed, provided that the Imperial Government are furnished with authentic copies of all agreements between the British Government and the Ottoman Government, and provided there is no occasion for objection in the final texts of these agreements. The questions raised by the concession of the 12th December for the navigation on the Mesopotamian rivers are still under examination, and are better reserved for future discussion.

Clause (*b*) is agreed with slight verbal alterations. We propose to insert "*i.e.*, 20 per cent. of the whole share capital," to make it quite clear that this shall be a permanent proportion, and, further, they would prefer, instead of "by one director," "their rateable participation in the board," to make it clear that if any change in the number of directors occurred the German shares should always be assured of a proportional representation on the board.

If His Majesty's Government should insist that no alteration takes place in clause (*b*), article 2, it is proposed to say in article 3, clause (*b*), "His Majesty's Government and Imperial Government agree that they will use their best endeavours to secure, &c." The same, if stress should be laid on retaining in article 1, clause (*c*), the words "agreeable to His Majesty's Government," it would be claimed that the words "agreeable to the Imperial Government" should be interpolated in this article after the word "director."

Clause (*c*) is agreed to, except the time limit for the conveyance of the building material on the rivers till the completion of the line to Basra.

The Bagdad Railway interests are quite willing to come to a friendly agreement with the Ottoman Company for River Navigation to have all the material transported by them after cancelling their existing agreements with Messrs. Lynch, but they do not see their way to give up, *vis-à-vis* of Turkey, their right secured on the original concession of transporting their own materials should the Ottoman Company for River Navigation fail to conclude a satisfactory arrangement for transports or fail to carry out this contract in a satisfactory way. As a slight verbal alteration, we propose to say, instead of "through British or Ottoman agency," "by the Ottoman Company for River Navigation."

Article 5. Clause (*a*) is accepted.

Clause (*b*) cannot be accepted definitely, but it is hoped that a discussion between the concessionnaires of the River Navigation Company and the Bagdad Railway interests might lead to an agreement acceptable to both parties.

5A. The Imperial Government consider the retention of article 5 A in the convention as absolutely vital. In the first tentative sketch of an agreement of the 7th May, 1913, it was very strongly pointed out that an assurance practically analogous to the article 5 as we proposed should be given, not only by the Ottoman Government, but also by His Majesty's Government. The whole agreement is based on the assumption that the

access to the terminus of the railway in Basra shall always be open for sea-going vessels, and this undertaking forms, in the opinion of the Imperial Government, a vital part of the whole convention. Both by the wording of the introduction which we propose, and by introducing "so far as possible," we believe to have removed any objection which His Majesty's Government might have against the article 5A. The same general assurance about the levying of dues in the same article seems desirable, and corresponds with the last sentence in article 4 of the protocol of the 7th May, 1913.

Article 6. In this article we propose to insert after "assured" "on terms of absolute equality," and later on, after "international commerce will," "so long as the convention is not materially altered." It is proposed to finish this article with "uphold the convention." The following details, which, in the opinion of the legal advisers of the Imperial Government, are entirely covered by this undertaking, would, in the form now proposed, raise numerous legal difficulties and occasion protracted discussion. The recommendations to be made to the Riverain Commission of the 9th September shall be embodied in the explanatory note, and serve for the definition of the duties of the Riverain Commission.

Section II is agreed to. Section III can, if our proposals for article 5A are accepted, be left out.

Clause (*b*) requires in the opinion of the Imperial Government complete recasting The Imperial Government propose to conclude with the Imperial Ottoman Government an arrangement on the following lines :—

The German consul at Basra shall have the right to correspond with the Riverain Commission on matters within the competence of the Commission. Should the Commission fail to meet the reasonable requirements of the commerce of the river and refuse to remove the causes of complaint the question would be transmitted to Constantinople to be dealt with through diplomatic channels. Failing an agreement between the Ottoman Government and the German Embassy either party shall have the right to ask for arbitration. Each party shall appoint one arbiter and they shall agree about a third.

It is proposed that in the present convention the British Government should take note of this agreement between Germany and Turkey and undertake to uphold it. If this was agreed upon, the whole article 6 (*b*) might be left out.

Article 7. Having agreed to the insertion of "as far as possible" in article 5 A the Imperial Government feel that they must have some undertaking for the improbable but possible case that Basra would cease to be accessible for sea-going vessels and thereby become totally unfit to be the terminus of a great railway system. With such a change in geographical conditions all the assumptions on which this present convention is based would have disappeared and the necessity would arise to provide the Bagdad Railway system with a new terminus easily accessible for sea-going vessels. An examination of the main bases of this convention will make it clear that the Imperial Government must insist on some clause giving them a guarantee against the terminus of the Bagdad Railway system becoming through change in geographical conditions an isolated inland town cut off from communication with the sea. For the same reasons which have led the British Government to ask for two members on the Conseil d'Administration of the Bagdad Railway, *i.e.*, to have a guarantee for the fulfilment of the stipulations about through-traffic and prevention of discrimination, the Imperial Government think it fair that Germany should have in this connecting railway, in case the necessity of building it ever arose, a share in the capital and directorate similar to that held by England in the Bagdad Railway.

Article 8 agreed to.

Enclosure 2 in No. 100.

Deutsch-englisches Abkommen.

Deutscher Gegenentwurf vom Januar 1914.

Article 1.

Clause (*a*). Recognising the general importance of the completion of the Bagdad Railway for international commerce, His Britannic Majesty's Government undertake not to take or encourage any measures likely to impede the construction or management by the Bagdad Railway Company of the Bagdad Railway system or to prevent the participation of capital in this undertaking.

Clause (*b*). The Imperial German Government declare that they will use their best endeavours to secure that two British members shall be admitted to the Conseil d'Administration of the Bagdad Railway Company.

Article 2.

Clause (*a*). The Bagdad Railway Company having concluded with the Imperial Ottoman Government an arrangement on the following basis, the Imperial German Government and His Britannic Majesty's Government declare, so far as concerns themselves, that they adhere to the said arrangement, and will use their best endeavours to secure its due execution :—

(i.) The terminus of the Bagdad Railway Company's line shall be at Basra, and the Bagdad Railway Company has renounced all claims to construct a branch line from Basra (Zobeir) to the Persian Gulf, referred to in article 1 of the Bagdad Railway Convention of the 5th March, 1903, and to build a port or railway terminus on the Persian Gulf, under article 23 of the said Bagdad Railway Convention.

(ii.) No discrimination, direct or indirect, shall be permitted on the Bagdad Railway Company's system, either as regards facilities or rates of charge for the

conveyance of like articles between the same points on account of the ownership, origin, or destination of goods presented for transport, or in any other manner whatever.

(iii.) In the event of the construction of the said branch line from Basra (Zobeir) to the Persian Gulf being undertaken, adequate arrangements shall be made to secure facilities for through traffic from and to the Bagdad Railway Company's system, and there shall be complete protection against discrimination, direct or indirect.

(iv.) The construction and exploitation of the proposed ports of Basra and Bagdad, authorised by article 23 of the Bagdad Railway Convention of the 5th March, 1903, shall be carried out by a separate Ottoman company.

No duties or charges of whatever nature or under whatever denomination shall be levied by the port company on any vessels or goods which shall not equally, under the same conditions, be imposed in like cases on all vessels or goods, whatever be the nationality of the vessels or their owners, or the ownership or country of origin or destination of the goods, and whatever be the places from which the vessels or goods arrive or to which they depart.

In all that relates to the stationing, loading, and unloading of vessels in the ports, no privileges or facilities shall be granted to any vessel or vessels which shall not equally and under like conditions be granted to all other vessels.

The Imperial Ottoman Government reserves to itself the right to confer upon the Commission, which it proposes to entrust with the improvement and maintenance of the navigability of the Shatt-el-Arab, its rights of control over the port of Basra.

Clause (*b*). The Imperial German Government declare that they will not oppose the acquisition by British interests of 40 per cent. of the share-capital of the separate Ottoman company for the construction and exploitation of the ports of Basra and Bagdad, mentioned in subclause (iv) above, and their rateable representation on the Conseil d'Administration of the port company, and in the contracts, if any, for construction and maintenance.

Clause (*c*). In all that relates to the dues and charges of whatever nature to be levied, and to the facilities to be accorded, in the ports of Basra and Bagdad, goods arriving or to be forwarded by water shall receive identic treatment to those arriving or to be forwarded by rail.

ARTICLE 3.

Clause (*a*). The Imperial German Government and His Britannic Majesty's Government declare that they will in no case support the construction of a branch from Basra (Zobeir), or from any point of the main line of the Bagdad Railway, to the Persian Gulf unless and until there is complete agreement on the subject between the Imperial Ottoman Government, His Britannic Majesty's Government, and the Imperial German Government.

Clause (*b*). The Imperial German Government declare that they will in no case themselves establish, or support any claim by any persons or corporations whatsoever to establish, a port or railway terminus on the Persian Gulf unless and until there is complete agreement on the subject between His Britannic Majesty's Government and the Imperial German Government.

Clause (c). His Britannic Majesty's Government declare that they will in no case themselves establish, or support any claim by any persons or corporations whatsoever to establish, in Ottoman territory east of Aleppo, railway undertakings either in direct competition with the Bagdad Railway Company's lines, or in contradiction with that company's existing rights, unless and until there is complete agreement on the subject between the Imperial German Government and His Britannic Majesty's Government.

ARTICLE 4.

Clause (*a*). The Imperial German Government, having cognisance of the declaration signed on the 29th July, 1913, on behalf of the Imperial Ottoman Government, concerning navigation on the Rivers Tigris and Euphrates, declare that they will not oppose the execution, nor support any action directed against the execution, of such declaration, so long as the navigation on the said rivers is maintained in substantial accordance with the provisions thereof.

Clause (*b*). His Britannic Majesty's Government declare that they will not oppose the acquisition by the Bagdad Railway interests of 40 per cent. of the share capital to be allotted to Turkish interests at the first allotment (*i.e.*, 20 per cent. of the whole share-capital) and the right in respect thereof to subscribe for a rateable proportion of further issues of capital of the Ottoman Company for river navigation, and their rateable participation in the board of the aforesaid company out of the

share of the directorate allotted to Turkish interests.

Clause (c.)—(i.) It is, nevertheless, understood that nothing in this article shall be held to affect the rights conceded by article 9 of the Bagdad Railway Convention of the 5th March, 1903, except in so far that His Britannic Majesty's Government and the Imperial German Government hereby agree and declare, so far as concerns themselves, that they adhere to, and will use their best endeavours to secure the due execution of the following provision of the arrangement referred to in article 2 of the present convention :—

The Bagdad Railway Company's rights under article 9 of the aforesaid Convention of the 5th March, 1903, shall cease on the completion of the construction of the Bagdad Railway to Basra.

(ii.) It is further agreed that if an arrangement to the satisfaction of the parties concerned can be made for the conveyance by river of the aforesaid materials through the Ottoman Company for river navigation, His Britannic Majesty's Government and the Imperial German Government will use their best endeavours to secure the conclusion of such an arrangement.

ARTICLE 5.

Clause (*a*). The concessionnaire, nominated in pursuance of article 3 of the aforesaid declaration of the 29th July, 1913, having concluded with the Imperial Ottoman Government an arrangement on the following basis, His Britannic Majesty's Government and the Imperial German Government declare, so far as concerns themselves, that they adhere to the said arrangement and will use their best endeavours to secure its due execution :—

No discrimination shall be permitted by the Ottoman Company for river navigation, either as regards facilities on rates of charge for the conveyance of like articles between the same points on account of the ownership, origin, or destination of goods presented for transport, or in any other manner whatsoever. The Company shall grant no through bills of lading, rebates, or other privileges of any description in respect of goods carried by any ship between any place served by the Company's vessels and any place oversea, unless the same privileges are accorded in respect of similar goods carried under the same conditions and in the same direction between the same places by all ships regularly trading between those places, irrespective of nationality.

PUBLIC RECORD OFFICE, LONDON

Clause (*b*). Die Kaiserliche Regierung behält sich ihre Stellungnahme zur Fassung des englischen Entwurfes vor.

ARTICLE 5 A.

His Britannic Majesty's Government and the Imperial German Government will join in using their good offices with the Imperial Ottoman Government to secure that the Shatt-el-Arab shall so far as possible be brought into and permanently kept in a satisfactory state of conservancy in order that sea-going vessels may always be assured of free and easy access to the port of Basra, and to secure, further, that the navigation on the Shatt-el-Arab shall permanently be kept open for sea-going vessels, and be carried on on terms of absolute equality for the vessels of all nations, without regard either to the nationality of the vessels or to their cargoes.

Dues shall be imposed, not for the mere fact of navigation, but only for repaying sums actually spent on improvements in the navigation of the Shatt-el-Arab and harbour facilities. They shall in no case exceed 1 fr. per registered ton (the dues to cover the coming in and going out of the same vessel); any dues shall be levied on a basis of absolute equality without regard to the nationality of sea-going vessels or their cargoes.

ARTICLE 6.

(*a*.) The Imperial German Government having taken note of the Anglo-Turkish Convention of , under which the free navigation of the Shatt-el-Arab is assured on terms of absolute equality to the shipping of all nations and a commission is established for the execution of such works as may be necessary for the improvement of its channel and for its maintenance and for other like purposes set out therein, and being of opinion that the provisions of the Convention are conducive to the best interests of international commerce, will, so long as the Convention is not materially altered and so long as the duties imposed upon the Commission by the said Convention are satisfactorily carried out, uphold the Convention.

The Imperial German Government take note in this connection of the declaration, signed on the and attached to the said Convention, to the effect that articles 7 and 8 of the above Convention do not affect the rights enjoyed in the Ottoman Empire by the nationals of the Treaty Powers.

(*b*.) Die Kaiserliche Regierung behält sich ihre Stellungnahme zu dieser Klausel vor.

ARTICLE 7.

Should the Shatt-el-Arab, after a reasonable time, not have been brought into a satisfactory state of conservancy assuring sea-going vessels of free and easy access to the port of Basra, or should this state of conservancy not be maintained, His Britannic Majesty's Government declare that they will agree to the construction of a branch from Basra (Zobeir) to the next point allowing a free and easy access to sea-going vessels.

In this case His Britannic Majesty's Government will not oppose German capital participating in this branch line and its being represented on the board of this line under exactly the same conditions and in the same proportion as British capital shall be represented on the board of the Bagdad Railway.

ARTICLE 8.

Any difference of opinion arising out of this declaration shall be submitted to arbitration. If the two Governments fail to agree about a special Court or arbiter, the case shall be submitted to the Hague Tribunal.

[4823]

No. 101.

Admiralty to Foreign Office.—(*Received February 2.*)

(Confidential.)

Admiralty, February 2, 1914.

Sir,

IN reply to your letter of the 29th ultimo, I am commanded by my Lords Commissioners of the Admiralty to request that you will lay before the Secretary of State for Foreign Affairs the following observations on the naval aspects of the creation of a port, the object of which is alleged to be purely commercial, at a point in the vicinity of Makri or Adalia.

The harbour facilities of Makri are infinitely superior to those of Adalia; Makri harbour is in every respect suitable for making a first-class port, the anchorage being well protected with moderate depths and every facility exists for the erection of wharves, &c., while its approach is free from any navigational difficulties. Adalia, on the other hand, can only be considered a roadstead at present, and it would be a matter of enormous expense to attempt to convert it into a port suitable for a terminal of a railway.

Makri is at present a flourishing small town. It is reported to be exceedingly unhealthy during the summer months, but this is probably due to the large extent of marshy land situated on the eastern side of the harbour, and could doubtless be rectified if necessary.

2. From the foregoing remarks it will be seen that the port of Makri is suitable in every respect for a terminal port of a railway, while that of Adalia is entirely unfitted for such a proposition.

3. The point referred to by Signor Nogara as being to the eastward of Adalia is probably Laara, about five miles distant, but any present day harbour facilities there are non-existent, although it possessed port facilities in ancient times; it would also seem, as in the case of Adalia, that enormous expenditure would be necessary to render Laara of any service suitable for modern commercial requirements.

4. My Lords presume that concessions granted to a private syndicate for constructing a port at either Adalia or Makri would confer no State rights on the Italian Government at those points, or enable either to be used as a fleet base in war. Provided that this is clearly understood no objection to such concessions need be raised from a purely naval standpoint.

I am, &c.
O. MURRAY.

[4556]

No. 102.

Sir Edward Grey to Sir L. Mallet.

(No. 56.)
(Telegraphic.) *Foreign Office, February 2, 1914.*

YOUR Excellency's telegram No. 72 of 1st February: Italian concession at Adalia.

My telegram No. 21 of to-day to Sir R. Rodd will have explained to you our position. Your Italian colleague appears to have drawn quite erroneous inference from the fact that the discussions between Nogara and British company have proceeded somewhat slowly. This has been due mainly to Nogara's hesitation to explain fully what the Italians really want. But he has recently made more definite suggestions, and from what I learn from the British company they seem quite ready to come to an arrangement on the general basis suggested, so that there is every reason to believe a satisfactory solution will be reached. It would not be reasonable to expect British company to rush into an agreement, involving on their part some not immaterial concession without any important countervailing advantages, before they have had time to study the question in all its bearings.

(Repeated to Rome, No. 23.)

[4525]

No. 103.

Sir Edward Grey to Sir R. Rodd.

(No. 21.)
(Telegraphic.) R. *Foreign Office, February 2, 1914.*

YOUR telegram No. 18 of 31st January: Ægean Islands.

I have fully explained my view of the position to the Italian Ambassador, and recorded our conversation in a despatch which went to you by bag on 30th January. This will enable you to reply to the several points raised.

As regards the Italian application for concession at Adalia, I was compelled to ask Turkish Government for information, owing to persistent refusal of Italian Government to tell me what the concession was they were pressing Turkey to grant, so that it was made impossible for me to know whether such concession conflicted with the rights of the British company or not.

I have repeatedly stated that His Majesty's Government were in no way opposed to any Italian concessions which did not violate British rights, and I should have thought that, by leaving Italian concessionnaires to come to an amicable arrangement with the British company direct, so as to eliminate any conflict of interests, His Majesty's Government have given best proof of the absence from their mind of any intention of obstructing Italian plans. Indeed, but for a desire to maintain friendship with Italy, I should have continued to oppose any concession so close to vested interests of Smyrna–Aidin Railway Company, and as it is I can hardly inform the Turkish Government that His Majesty's Government have no objection to the Italian concession until the arrangement with the British company has been settled to their satisfaction.

I see no reason why Minister for Foreign Affairs should not speak generally in above sense in answer to the interpellation.

(Repeated to Constantinople, No. 53.)

[4981]

No. 104.

Sir L. Mallet to Sir Edward Grey.—(Received February 3.)

(No. 79.)
(Telegraphic.) R. *Constantinople, February 2, 1914.*

YOUR despatch No. 55.

This despatch only reached me this morning. I have been unable to study it exhaustively in the inadequate time available, but I offer the following observations:—

Article 1. Text does not maintain in favour of British subjects any right to apply in the future for concession to extract petroleum in places other than those expressly mentioned. Unless His Majesty's Government are definitely renouncing this right, which is at present enjoyed by all persons under mining law, it would be advisable to state clearly that, in the case of petroleum, any monopoly to be created will be confined to sale of importation.

(2.) I presume that His Majesty's Government realise that, if concessions are granted to British subjects in places expressly mentioned and a monopoly is subsequently established, British subjects in question will be excluded from all Turkish markets unless they can come to terms with monopolist, who will not be bound to buy from them and who may be himself a rival producer of petroleum.

Article 2. I should prefer to omit the word "directe" after "contrôle." It is not essential to the Turkish Government's purpose that control should be direct, and we might find it impossible to elaborate any system satisfactory to ourselves without maintaining measure of consular intervention assured by the Capitulations. We ought not to deprive ourselves beforehand of the right to insist on consular intervention, even though we should allow agents of the Debt to hold inspections under penalty of the law in British places of business.

Article 4. This formula does not secure the principle that lighthouses must not be worked at a profit to the Government. If His Majesty's Government wish this principle to be observed after the expiration of the present concession it will be well to substitute for "à produire" "à produire seulement." (See my despatch No. 935 of last year).

Present concession expires in 1924, not in 1919. If it should be agreed to introduce a new tariff for 1919 the Porte will have difficulties with French concessionnaire, and we ourselves shall probably become involved in these difficulties.

Article 7. I understood from your telegram No. 37 of 19th January that Hakki Pasha had agreed to formula contained in my telegram No. 541 of 3rd November, 1913, plus a most-favoured-nation clause. Present text does not achieve same object, because the two Governments are not in agreement as to the privileges assured by existing arrangements to extensions and new institutions. If any hitch should prevent ratification of recent French agreement, new text of Anglo-Turkish declaration will give same scope for controversy as that enclosed in your despatch No. 355 of last year.

[5050]

No. 105.

Sir L. Mallet to Sir Edward Grey.—(Received February 3.)

(No. 81.)
(Telegraphic.) *Constantinople, February 3, 1914.*

ADMIRAL LIMPUS is having great difficulty about the retirement of the Naval Under-Secretary of State, which he has repeatedly recommended, as he is totally incapable and has constantly thwarted British work. His strong German sympathies are notorious, and his maintenance in office in spite of admiral's frequent representations is somewhat significant. Before addressing what amounts to an ultimatum to the Turkish Government, Admiral Limpus would be glad to know whether you have any objection to his taking a line which might possibly end in his being compelled to resign before his contract expires on 30th April.

This would depend on the policy of His Majesty's Government as to the appointment of another mission after the expiration of the present contract.

I venture to think that decision to withdraw should not be taken without great consideration, as it might be taken that His Majesty's Government definitely abandon their interest in this country, while possible substitution of German mission might lead to political complications with other countries.

Admiral concurs.

[5188] No. 106.

Sir R. Rodd to Sir Edward Grey.—(Received February 4.)

(No. 24.) *Rome, February 4, 1914.*

(Telegraphic.) R.

YOUR telegram No. 21 of 2nd February, and telegrams Nos. 72 of 1st February from and 56 of 2nd February to Constantinople.

Minister for Foreign Affairs thanks you for frank and courteous explanations in former. He understands the difficulty of informing the Turkish Government that there is no objection to Italian concession until arrangement has been concluded with British company, but, as the Italian Ambassador at Constantinople maintains that your enquiries there have been misinterpreted as implying opposition in any case, he asks whether it would not be possible for His Majesty's Ambassador to inform Grand Vizier that this was not so, and that enquiries were simply to obtain information which would enable judgment to be formed.

As regards interpellation in the Chamber, he would like to be able to say that interpellator was quite in error in suggesting that your answer to Italian reply to your first proposals implied any suggestion of dictation to Italy, that it was merely intended as a statement of fact summarising situation and containing no reproach or criticism of anyone. This was clear from your conversation with Italian Ambassador in London and what I had said to him, but he would like to know whether you authorise him to say as much. If the misapprehension existing at Constantinople could also be removed it would give him an opportunity of saying something cordial as regards our attitude generally.

[5185] No. 107.

Sir G. Buchanan to Sir Edward Grey.—(Received February 4.)

(No. 37.) *St. Petersburgh, February 4, 1914.*

(Telegraphic.)

MINISTER for Foreign Affairs told me to-day that Germans were again attempting to obtain command of the Scutari division. He attributed this to the weakness of our original attitude in dealing with the question of the German mission, as both Turks and Germans seemed to think that we were indifferent to what they did. Though his Excellency showed considerable exasperation and said that he would have to speak to the Turks, I do not think that he will make a fresh incident out of this question.

[4331] No. 108.

Foreign Office to General Post Office.

(Confidential.) *Foreign Office, February 4, 1914.*

Sir,

WITH reference to your letter of the 25th October last, regarding the desire of the German Government to lay a cable between Turkey in Asia and German East Africa, I am directed by Secretary Sir Edward Grey to state, for the information of the Post-master General, that the Councillor of the German Embassy enquired recently whether an answer would soon be sent to the German memorandum of the 29th May, 1913, of which a copy was communicated to your Department on the 4th July last.

He stated that the German Government were aware that the Eastern Telegraph Company had rights which might seem to stand in Germany's way. But they had

[5112] No. 105*.

Mr. Parker to Mr. Lynch.

Dear Mr. Lynch, *Hyde Park Hotel, February 3, 1914.*

AS it is very desirable that there should be agreement in principle between you and Lord Inchcape before the proposed meeting with the German Representatives this afternoon and as Sir E. Grey has entrusted to me the negotiations for a settlement of the Mesopotamian navigation question, I feel justified in giving you the following assurance on behalf of the Secretary of State.

In the Foreign Office Memorandum of the 19th May, 1913, it was stated "that His Majesty's Government would use their good offices to secure that the new Ottoman Company should conclude a reasonable working agreement with the Euphrates and Tigris Company."

It has subsequently been proposed that the form of such an agreement should be that proposed by Lord Inchcape at the Foreign Office on January 31st (copy annexed) and I have represented to you that such a form would be more advantageous to you than the original working agreement suggested in which an equal division of the existing traffic on the Rivers was contemplated because the form now proposed would enable your Company to secure the benefit of certain customs immunities and by taking as a basis the average of the last five years would, according to the estimate quoted, secure for your Company a greater proportion than 50 per cent. of the existing traffic.

You have felt some hesitation in agreeing to Lord Inchcape's proposed agreement, and in these circumstances I give you this assurance that you will receive full diplomatic support from His Majesty's Government in order that the Ottoman Company shall be held bound to carry out the terms of the said agreement, and that in the event of failure to do this and the consequent resumption by your Company of the working of their Fleet, His Majesty's Government will support you to the best of their endeavours in securing a working agreement as contemplated in the Memorandum of the 19th May, 1913, on the basis of an equal division of the said traffic up to the carrying capacity of the present and future limited Fleet of the Euphrates and Tigris Steam Navigation Company.

Yours sincerely,
ALWYN PARKER.

Annex.

Memorandum.

(Confidential.)

WHEREAS it is desirable that the proposed Ottoman Navigation Company and the Euphrates and Tigris Steam Navigation Company shall work together for the mutual advantage of both concerns and that it is contemplated to have a Management Company to work both concerns as one so as to save expense in administration and management, it is agreed that until the proposed Ottoman Company is formed there will be no reduction of rates made by Lord Inchcape, except with regard to allowances required under clause 29 of the concession signed by the said Lord Inchcape and His Highness Hakki Pasha on behalf of the Imperial Ottoman Government on the 12th December, 1913, with the view of deflecting the trade from the Euphrates and Tigris Company, and that as soon as the proposed Ottoman Company is formed Lord Inchcape will use his best endeavours and voting powers to arrange that the Euphrates and Tigris Company's fleet of steamers and barges shall be chartered by the proposed Ottoman Company for the whole period of the concession granted to Lord Inchcape, on a basis to give the Euphrates and Tigris Company a return per annum equivalent to the net earnings of its fleet, after paying working expenses, on the average of the last five years, subject to the charter rate being reduced in the event of the trade falling away from any cause, subject always to the fleet being maintained by the Euphrates and Tigris Company up to its present carrying capacity of barges and power and speed of steamers and in good order and up to date, and in a state to perform its services economically

and efficiently, vessels and barges being replaced as necessary by new ones of modern type to the satisfaction of the proposed Ottoman Company, and divergence of opinion on these questions being subject to arbitration.

INCHCAPE.

London, February 3, 1914.

Witness: ALWYN PARKER.

I, the undersigned, undertake to use my best endeavours and voting powers to secure the adoption of the above by my Company.

JOHN F. LYNCH.

London, February 3, 1914.

Witness: ALWYN PARKER.

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reason to believe that the company would make no difficulty about meeting the German wishes unless His Majesty's Government on their part raised objections.

I am to explain that Sir E. Grey has, for political reasons, intentionally deferred hitherto sending the reply to the German Government which was recently settled in general conformity with the recommendations of the Inter-departmental Committee, as he is anxious to avoid confusing the course of an already rather complicated general negotiation actually in progress and nearing completion, respecting other matters in the Persian Gulf.

The present communication from the German Embassy makes it desirable to clear up the exact position of the Eastern Telegraph Company in connection with the German request for permission to land a cable in the Gulf, and Sir E. Grey would be glad if Mr. Samuel would be so good as to communicate at his early convenience with the company with a view to ascertain whether, and if so how far, they may have committed themselves to the German Government.

I am, &c.
EYRE A. CROWE.

[5476]

No. 109.

Post Office to Foreign Office.—(Received February 6.)

(Confidential.)

Sir, *General Post Office, February* 5, 1914.

I AM directed by the Postmaster-General to acknowledge the receipt of your letter of the 4th instant, regarding the desire of the German Government to lay a cable between Turkey in Asia and German East Africa, and to say that, as desired by the Secretary of State for Foreign Affairs, he has communicated with the Eastern Telegraph Company, with a view to ascertain whether, and if so how far, the Company have committed themselves to the German Government in this matter. The Company assure him that they have not committed themselves in any degree—indeed, no communication on the subject has passed between themselves and the German Government.

I am, &c.
E. CRABB.

[5522]

No. 110.

Ottoman Railway from Smyrna to Aidin: Memorandum showing the reasons why the Company desires permission to navigate Lakes Eghirdir and Beyshehr and to construct a line of Railway connecting the Lakes.—(Communicated by Mr. Slaughter, February 6, 1914.)

FERTILE plains lie to the east of Lake Eghirdir and Lake Beyshehr—in which are situated the towns of Yalovatcs and Karagatch—which are entirely cut off from the Anatolian Railway by mountains over 4,000 feet high and over 3,000 feet above the level of the plains, but which can easily and profitably be developed by the company if its application is granted.

The road over the mountain from Yalovatcs to Ak-Shehr on the Anatolian Railway is always very difficult, and is dangerous in winter. On an average the road is impassable for one month in every year.

The distance from Yalovatcs to Smyrna (the terminus of the company's railway) is 328 miles, of which 18 miles is road to Lake Eghirdir, 17 miles is water across the lake to the town of Eghirdir, and the balance 293 miles is the company's railway.

The distance from Yalovatcs to Haidar Pasha (the terminus of the Anatolian Railway) is 398 miles, of which 20 miles is road over the mountains to Ak-Shehr, and the rest the railway of the Anatolian Company.

Haidar Pasha is 170 miles further from the principal ports of the Western Mediterranean than Smyrna.

The distance by the company's railway from Beyshehr to Smyrna is 368 miles, of which approximately 40 miles is road.

The distance by the Anatolian Railway to Haidar Pasha is 556 miles, of which 65 miles is road over very hilly country.

It is believed that the existing traffic over the mountains to Ak-Shehr does not bring more than 3,000*l.* or 4,000*l.* revenue per annum to the Anatolian Railway.

Owing to the nature of the roads, road transport is very costly, while navigation of the lakes, especially when the two lakes are joined by the proposed new railway, will give a highly effective and cheap service for the plains round the lakes to Smyrna.

In spite of existing conditions, the lakes are now largely navigated, but only miserable craft are available, and there is no accommodation for loading, unloading, or warehousing goods.

As goods can, in practice, only be brought to Eghirdir by water, the growth of traffic is greatly stunted, and the development of the country is retarded.

It is contended by the company that Smyrna is a larger and better market for the products of the country round the lakes in question than Constantinople.

[5532] No. 111.

Sir L. Mallet to Sir Edward Grey.—(*Received February* 6.)

(No. 85. Confidential.) *Constantinople, February* 6, 1914.
(Telegraphic.)

THE Italian Ambassador was gratified at the communication made to him on receiving your telegram No. 56 of 2nd February.

He enquired whether, if agreement was arrived at between company and Nogara, I would help him to persuade the Turkish Government to grant him concession for which he asked.

I replied that I could not do so without your instruction. He said that the Italian Government was most anxious to restore Dodecanese at the earliest possible moment, and that concessions for which they were asking were not important. I do not think that we should take any engagement to help Italians in this matter, at any rate for the present.

Perhaps we might leave the question unanswered.

[4949] No. 112.

Sir Edward Grey to Sir L. Mallet.

(No. 68.) *Foreign Office, February* 6, 1914.

Sir,

WITH reference to my despatch No. 57 of the 29th January, I have to inform your Excellency that the Turkish Ambassador, in conversation with Sir A. Nicolson on the 30th January, again enquired as to how matters stood with regard to the Ægean islands, and was informed that His Majesty's Government were awaiting replies from some of the Powers, and that until these were received no communications could be made.

Tewfik Pasha then reverted to the question of Italy's desire for a concession in the Adalia district, and stated that as regards the Smyrna–Aidin Railway Company having an option for the construction of harbour works at Adalia, he had given no promise in writing to the late Sir N. O'Conor, as was stated by the French Ambassador to Sir A. Nicolson and recorded in my despatch No. 752 of the 16th December last to Sir F. Bertie, a copy of which was enclosed in my despatch No. 454 of the same date to your Excellency.

What his Highness had done was to give the late Sir N. O'Conor a verbal promise, of which the latter made a note in writing at the time. It is clear, therefore, that there is no written record of an option to the Smyrna–Aidin Company.

I am, &c.
E. GREY.

[5543] No. 113.

Memorandum.

1. LORD INCHCAPE and Mr. Lynch declare to the Imperial German Government and to His Britannic Majesty's Government that they will not oppose the acquisition by the Bagdad Railway interests of 40 per cent. of the share capital of the proposed Ottoman Company (hereinafter called "the Navigation Company") to be allotted to Turkish interests at the first allotment (*i.e.*, 20 per cent. of the whole share capital to be issued at the first allotment) and the right in respect thereof to subscribe for a rateable proportion of any further issues of capital of the Navigation Company; also that they will not oppose the Bagdad Railway interests participating in the same rateable proportion in the seats on the Board of the Navigation Company to be allotted to Turkish interests—*e.g.*, to the Bagdad Railway interests being represented by two Directors if the total number of Directors be ten.

2. Lord Inchcape and Mr. Lynch, each so far as concerns himself, declares to the Imperial German Government and to His Britannic Majesty's Government that he will use his best endeavours and voting power to procure—

(*a.*) that the Bagdad Railway Company (hereinafter called "the Railway Company") shall have the right, solely for the service of the Railway, to employ at Bagdad vessels propelled by steam or by any other motive power, but not exceeding 80 tons British register, and ferry-boats of greater tonnage.

(*b.*) that the Port Company referred to in Article 4 shall have the right to employ at Bagdad vessels propelled by steam or by any other motive power, but not exceeding 80 tons British register, solely for the transport of its officials, workmen, and materials.

(*c.*) that at other places on the Tigris or Euphrates wherever, in the opinion of the Railway Company, the need may arise the Navigation Company shall undertake for a period to be agreed upon any ferry service, by vessels propelled by any mechanical motive power, required for the service of the Railway between the shore adjacent to any station on the Railway and

a point on the other shore as nearly as may be opposite to the same station.

(*d.*) that for the purpose of giving effect to (c), the Navigation Company shall at its own cost build, maintain, and work such a number of ferry vessels and of such type and size as the Railway Company may from time to time require for the service, together with the wharves, jetties, pontoons and other appurtenances requisite for the service thereof; shall charge such rates for the carriage of passengers and their luggage and for goods as the Railway Company may from time to time prescribe; shall render to the Railway Company yearly accounts of the service debiting against the gross receipts all the working expenses including therein 7½ per cent. for depreciation and 7½ per cent. for interest on the original cost price of the vessels, wharves, jetties, pontoons and other appurtenances. Any profit on the working to be equally divided between the Railway Company and the Navigation Company, but should the account of any year show a deficit the amount of such deficit to be made good to the Navigation Company by the Railway Company. The Railway Company shall, in respect of every ferry vessel, wharf, jetty, pontoon or other appurtenance built or constructed as aforesaid, guarantee the payment to the Navigation Company of 7½ per cent. per annum for depreciation and 7½ per cent. per annum for interest, calculated in both cases on the cost price thereof for at least 12 years from the completion of any vessel, wharf, jetty, pontoon or other appurtenance. No depreciation shall be payable after the expiration of 12 years, but interest shall be paid as long as the service is continued. Provided that nothing herein contained shall prevent the Railway Company from establishing and working an ordinary ferry service of vessels not propelled by mechanical motive power subject always to the provisions of Lord Inchcape's concession, dated the 12th December, 1913, from the Imperial Ottoman Government.

3. The Imperial German Government, His Britannic Majesty's Government, the Bagdad Railway Company, Lord Inchcape, and Mr. Lynch engage to use their influence and to co-operate towards the speedy conclusion of agreements between all the necessary parties:—

(*a.*) for the purchase by the Navigation Company from the Société des Transports Fluviaux of all the assets and undertaking of the latter Company, the Fluviaux Company being deemed to have meanwhile carried on its undertaking on behalf of the Navigation Company as from the date of its incorporation. The purchase price to be the amount actually paid up on the share capital of the Fluviaux Company together with interest thereon at the rate of 5 per cent. per annum from the dates of payment up of the several instalments thereof until the 31st December, 1913. If on the making up of the accounts of the Fluviaux Company as on the 31st December, 1913, it shall be found that such Company has made a profit on its working such profit shall be the property of the Navigation Company, but if on the making up of such accounts it shall be found that there has been a loss there shall be no deduction made in respect thereof from the said purchase price. All the debts and obligations of the Fluviaux Company in relation to the working of the Company shall be taken over by the Navigation Company, a list whereof shall be supplied to the Navigation Company;

(*b.*) for the dissolution of the said Société as soon as the said purchase has been completed:

(*c.*) for the carriage by the Navigation Company of all the Railway Company's materials and supplies not being less than 100,000 tons from Basra to Bagdad during the whole period of the construction of the Railway at a freight of 22/6 (one pound, two shillings and sixpence sterling) per ton, the Railway Company paying the cost of loading and unloading the materials and supplies into and out of the Navigation Company's barges at Basra and Bagdad respectively.

The Navigation Company shall keep a separate account in respect of the transport of the said materials and supplies and if in any year the Navigation Company makes a profit by the carriage of the said materials and supplies exceeding 10 per cent. upon the capital of the Navigation Company for the time being employed in the ships and barges with their equipment in so far as they are used for the transport of the said materials and supplies after deducting all working expenses and management charges and depreciation at the rate of 18¾ per cent. per annum on the original cost of the ships, barges,

and equipment then the excess profits over and above such 10 per cent. shall be divided between the Navigation Company and the Railway Company :

(*d.*) for the employment by the Railway Company of the Navigation Company as its sole and exclusive agent for the exercise of the rights derived under Article 9 of the Bagdad Railway Convention of March 1903 :

(*e.*) for the Navigation Company undertaking if so required by the Railway Company the ferry service at Bagdad referred to in Clause 2 (*a*) upon equitable terms and conditions to be agreed between the two Companies :

(*f.*) for the Navigation Company undertaking if so required by the Port Company the transport service at Bagdad referred to in Clause 2 (*b*) upon equitable terms and conditions to be agreed between the two Companies.

4. The Imperial German Government declare to Lord Inchcape and Mr. Lynch that they will not oppose the acquisition by them or their nominees of 40 per cent. of the total share capital of the separate Ottoman Company to be formed for the construction and exploitation of the ports of Bagdad and Basra authorised by article 23 of the said Bagdad Railway Convention, and the right in respect thereof to subscribe for a rateable proportion of any further issues of capital of the Company : also that they will not oppose the said persons or their nominees participating in the same rateable proportion on the Board of the same Company, and in the contracts for construction and maintenance.

Initialled *ad referendum.*

London, February 6, 1914.

R[ICHARD] v[ON] K[ÜHLMANN].
R[IESE].
B[ERGMANN].
I[NCHCAPE].
G. S. B[ARNES].
J. F. L[YNCH].

[5706]

No. 114.

Abu Musa Oxide : Note by Sir P. Cox on Board of Trade's Letter of January 9, 1914.—(*Communicated by India Office, February* 7, 1914.)

I BEG to offer some comment based on local knowledge on details of the Board of Trade letter of the 9th January to the Foreign Office.

His Majesty's Government start with the premise that they refuse to recognise Messrs. Wönckhaus as members of the concessionnaire company, or discuss any claim based on that pretence.

The contract entered into by Wönckhaus with the concessionnaires merely provided for his obtaining oxide f.o.b. on ships sent by him to fetch it. This is the only position we need recognise. We contemplate—

(*a*) Refunding direct losses.
(*b*) Paying a lump sum for loss of business resulting to them.

(1) As regards claim (*a*) (1) the advances, according to Hassan's statements, only amount to 2,000 rupees.

(2) What was first interpreted as "deposits" on the island is now corrected to "objects," *i.e.*, implements which are said to have disappeared from the island.

I should like to offer some explanation on this point. Hassan Samaiyeh at the time of the cancellation of the concession by the Sheikh of Shargah was warned to remove his coolies and gear from the island at a certain date. He neglected to do so within the time specified, and was then warned that if he did not do so they would be removed for him. He refused to comply, and everything was therefore put on lighters and transported to Lingah, where Hassan was told that he could take or leave the stuff as he pleased, and that no claim could be entertained in regard to it. He then took it.

Subsequently, when he was allowed by us to ship some of the accumulated oxide for Wönckhaus he took some gear back again, and between shipments the roof of his locker store-hut fell in and the islanders were said to have removed a few things. Hassan Samaiyeh then, at Wönckhaus's instigation, put in an extravagant claim, which included things which he said he had lost when his gear was thrown out of the island under the circumstances above mentioned.

The German firm first claimed that the gear was partly owned by them as members of the concession, but this claim was not recognised. They were told that, seeing that Wönckhaus's contract was f.o.b. and that he had himself stated publicly in a letter to the press that "there never were any goods of ours on the island," he could really have no title to make such a claim, but as he stated that some landings, planks, and three or four iron buckets belonging to a Hamburg–Amerika ship had been left there, we contemplated paying them the value for these, if their presence there could be proved.

My opinion, therefore, is that we should refuse to consider their right to identify themselves with Hassan Samaiyeh's claim for the concessionnaire's ordinary loading gear (bags, crow-bars, &c.), but that we should refund him the small amount due for the few articles above mentioned without further question.

It should be a very small amount. The list and value is on record at Bushire, and I do not think it would be worth while bothering about the evidence. To prove it would mean the Resident proceeding to Abu Musa or Shargah to hold a further court and involve expenditure of coal amounting to more than the value of the things.

Any investigation requiring the evidence of Hassan Samaiyeh's account books would be very unsatisfactory, as no accounts have ever been shown by him to his partners, and we know that he cooked his books, under Mr. Brown's directions, after the cancellation of the concession, and they have since been in German keeping.

The question of deterioration is a difficult one. From the history of the oxide trade I believe the claim on this account to be in a great measure mythical. In the Board of Trade letter the local conditions existing at the time of the execution of the Wönckhaus contract do not seem to be quite understood, I beg to offer some explanations. The original concessionnaires obtained their concession in 1898 (?). They started regularly mining oxide a few months later, and their plan of operations was to keep about fifty coolies on the island extracting the oxide in a leisurely way, and accumulating heaps of it with which to fulfil orders when received. At the time

Wönckhaus was contemplating taking up the oxide trade (1906) and making a contract with Hassan Samaiyeh (in 1906, seven years after the work had been going on), the first thing he did was to visit the island and examine the several heaps of oxide lying ready for disposal (at least three different spots had been worked). After examining the heaps, which had probably been there for years, he entered into contract to buy the oxide f.o.b. (June 1906). In was in August 1906 that we heard of it, and in February 1907 that the Sheikh of Shargah cancelled the concession. To the best of my belief, very little, if any, mining went on after August 1906, and none especially for Wönckhaus. Hassan simply continued to keep his footing there with a few diggers until he was expelled in October 1907. The Germans in their case quoted "The fact that the Company is not in a position to extract at the proper time the quantity which they must keep ready for deliveries due in the coming months."

It is to be remembered that during the years 1899 to 1906 Hassan had been mining small quantities all the time, but had sold very little, and that to India; and that at the time his concession was cancelled there was oxide on the island which we now know fairly accurately to have amounted to 5,000 tons odd.

None of that was mined after the cancellation of the concession (October 1907), and to the best of my belief, based on experience of the normal working of the concern, not more than 500 tons was mined between June 1906 and October 1907.

With reference, therefore, to the doubtful points raised in paragraph 9 (1), to the best of my recollection no shipment was made for Wönckhaus before the "Louise" shipment. This can be verified at once from the Bushire record if it is not on record here. (2) To the best of my belief nearly the whole, and in any case the major proportion, of the oxide lying on the island at the moment of the concession being cancelled had been mined before the commencement of Wönckhaus's contract; and between the commencement of Wönckhaus's contract (June 1906) and the cancellation of the concession not more than 500 tons was mined. I would lay stress on the fact that we allowed Wönckhaus to carry away the mined oxide in spite of protests from the Sheikh of Shargah and the other concessionnaires, primarily because His Majesty's Government seemed to have understood at the time that it had been mined for Wönckhaus—which it had not—but mainly for the specific object of discounting Wönckhaus's claim for loss of business. As a favour we resigned the whole of the 5,210 tons on the island to Wönckhaus, so that he might not have the pretext that he had been put to loss. In my opinion, having regard to the normal scale on which the mining was always carried on up to the time of Wönckhaus's contract, and which scale Wönckhaus showed no inclination to (get) modify, Hassan Samaiyeh could not have mined more than, and with great difficulty as much as, 2,000 tons per year; Wönckhaus merely stated a maximum of 5,000 tons in order to make quite sure that Hassan should have none to spare for anyone else.

Let us presume that he could have taken 2,000 tons per year, from June 1906 to June 1913—seven years. Then he would have taken 14,000 tons. In point of fact, we have given him the opportunity of taking 5,000 odd tons, so he may conceivably have lost the sale of 9,000 tons if there was a market, but it is very doubtful if there was one. This figure is much the same as that at which the Board of Trade arrive on different lines in paragraph 12.

I recommend that the information be obtained by telegram from Bushire, and without reference to Messrs. Wönckhaus. When that is obtained I would suggest that, before we do anything further, the expert views of Mr. Strick be taken informally and confidentially as a preliminary measure, on the position as we now have it. He would probably be able to make useful comment, and I could be used to get his views if Government do not wish to communicate with him.

P. Z. COX.

February 6, 1914.

[5709] No. 115.

Sir L. Mallet to Sir Edward Grey.—(Received February 7.)

(No. 88.)
(Telegraphic.) R. *Constantinople, February 7*, 1914.

MY telegram No. 85 of 6th February: Italian concession at Adalia.

Italian Ambassador has again alluded to the advantages of having my assistance in inducing Turkey to give some concession to Italy in return for relinquishing islands.

I replied that I feared my assistance would not be very efficacious in the present disposition of the Turkish Government towards His Majesty's Government, which was, as he was aware, rather unfavourable, and His Majesty's Government might perhaps hesitate to go so far as my colleague suggested, in view of provisions of Treaty of Lausanne. If a satisfactory arrangement were arrived at between Nogara and the company, I would suggest that most we could do would be to inform Turkish Government, and say that, as the rights of our company were safeguarded, they were free to consult their own interests as to what concessions they would give to Italy.

[5730] No. 116.

Sir M. de Bunsen to Sir Edward Grey.—(Received February 8.)

(No. 22.)
(Telegraphic.) *Vienna, February 8*, 1914.

FRENCH Ambassador has shown me in confidence reply of Minister for Foreign Affairs to a request made recently by Russian Chargé d'Affaires that Austro-Hungarian Government would support proposed admission of Russian delegate to board of Administration of Ottoman Public Debt. Reply is to the effect that Austro-Hungarian Government will be glad to do so on condition that—

1. Russian Government consent to Austro-Italian Bank of Albania lending its aid to service of proposed Albanian loan in the manner explained in my telegram No. 10 of 21st January; and

2. A second German delegate be likewise admitted to the board, and that one of the German delegates should take his turn with British and French delegates as president of the board every third year.

[5748] No. 117.

Sir L. Mallet to Sir Edward Grey.—(Received February 9.)

(No. 59.)
Sir, *Constantinople, January 30*, 1914.

I HAVE the honour to enclose herein copies of two interesting despatches which have been addressed to me by His Majesty's vice-consul at Van, regarding the present state of Armenian feeling in his district and the attitude of the various Armenian parties towards the Turkish elections.

You will notice that in the first of these two despatches Lieutenant Smith speaks highly of the intentions and activity of the present Vali Tahsin Bey.

I have, &c.
LOUIS MALLET.

Enclosure 1 in No. 117.

Vice-Consul Smith to Sir L. Mallet.

(No. 1.)
Sir, *Van, January 10*, 1914.

THE inhabitants of this town, particularly the Armenian element, are awaiting with much interest and some impatience the settlement of the question of reforms in the eastern vilayets of Turkey and whether they are to be carried out under the supervision of European inspectors appointed by the Powers. This town is perhaps the most Armenian place in Turkey and some indication of how the inhabitants regard the above question may be of interest to your Excellency at the present time.

In Van, the Turks, even including the army and civil officials, are numerically in a considerable minority as compared with the Armenians. The official class is naturally hostile to any outside interference in a matter which it considers concerns Turkey alone. All the officials and officers whom I have met frankly admit that everything in this part of Turkey is in a very backward and unsatisfactory state, and that this state of things cannot be allowed to continue. Their contention, however, is that it is unreasonable of the European Powers to expect the Turks to show an organised and progressive state on the European model, after a short five years of constitutional

government. Also during this time the resources of the country have been strained by successive wars, which have been forced upon it, so that the Government has been able to spare neither men, nor money, nor time, for the development and introduction of reforms in the Asiatic vilayets. They appear too to be quite sincere in wishing to have the assistance of Europeans in the Administration, and look upon it as inconsistent with England's traditional friendship for Turkey that the British Government does not see fit to lend officials to serve under the Turkish Government. The higher officials consider that the appointment of inspectors answerable to any other than the Turkish Government is unnecessary and could never be agreed to as it would be the first step towards the separation of the eastern vilayets from the rest of the Empire. The minor officials however suffer a good deal from the non-payment of their salaries, and from this point of view would be glad of any reform which would ensure their regular payment.

As regards the non-official Turks such as the landowners, many of them would acquiese in, if not welcome, any measures which would make for the material progress and development of the country, even under a form of foreign control. They recognise that the state of the country is unsatisfactory and have little confidence in the capacity of their own officials to initiate or carry out such measures as are necessary for its improvement. As long as no foreign occupation or separation from the rest of Turkey threatened, they would, I consider, settle down quite contentedly to the new order of things.

The Kurdish tribesmen, who form some two-fifths of the population of the vilayet, live under almost feudal conditions, and follow the lead of their chiefs and Sheikhs. The lattter are quite ready to take advantage of a weak Government, but respect a strong one which puts down brigandage and robbery with a firm hand. In this vilayet the majority of Kurds live in the mountainous districts of Bohtan and Hakkiari, and their chief desire is to be treated fairly by the Government and to pay as little as possible in the way of taxes. The attempted confederation of the Kurdish tribes last year under the Bedr Khan family appears to have been a complete failure, and there is little possibility of combined action on the part of the hundreds of mutually jealous tribes of which the Kurdish nation is composed. Except in the more remote mountainous districts the chiefs are generally amenable to Ottoman authority, and if the Turkish officials associate themselves with the foreign inspectors and do not try to thwart such measures as may be introduced, there is no reason to expect any general hostility on the part of the Kurds.

The Armenians in Van are very optimistic and believe that, numbering as they do about two-fifths of the population of the vilayet, owing to their superior education and commercial ability, they will, under European control, be able to dominate the Turkish and Kurdish elements of the population. This is the opinion in Van itself, where the Armenians who interest themselves in the question belong chiefly to the professional and educational classes. A number of these expect to be appointed kaïmakams under the new régime, and I know of one wealthy and influential Armenian who sincerely believes that his nomination to be Vali of Van is not at all improbable. Many Armenians of this type have been to Russia, America and elsewhere abroad, consider themselves as Europeans rather than Ottomans, and look down upon their Turkish fellow citizens. They render themselves obnoxious to the Turks amongst other things by wearing European head-dress instead of the fez, a habit which has become quite common of late in Van. This professional and trading class possibly attracts more attention to its views in Europe than they deserve, and I do not consider that as regards this vilayet they properly represent the opinions of the great majority of Armenians who live in their villages and think more of their harvests than of political questions. Apart from a settlement of the long-standing grievance of their lands which were seized, security from raids on the Kurds and theft of their sheep and cattle is what the village Armenians chiefly desire; since the arrival of the present Vali, Tahsin Bey, strong measures have been taken against various Kurdish brigands, so that at present the Armenians have little to complain of in this respect. The Vali's policy appears to be one of justice towards the Armenians, though the latter, by their carping remarks and unsympathetic newspaper criticisms of his measures make his task a difficult one. During his recent tour in the Hakkiari Sanjak, he dealt with the question of the two thousand Manhoran Kurds, who four months ago immigrated from Persia and settled in Armenian villages. These he removed, and distributed amongst Kurdish villages near the frontier, though some few still remain in the Armenian villages of Soraderi, Parei, Bablasani, Sorani and Haradoun.

The aspirations of the majority of the Armenians are economic rather than political. They are above all a commercial race, and trade in this vilayet remains in its infancy, owing to lack of communications with the outside world. Since the constitution the Armenians have learnt how their countrymen prosper materially in the Russian province, and I venture to suggest that if the Turkish Government seriously undertook such matters as the construction of main roads, the placing of two or three motor boats on Lake Van, and also hurried forward the building of railways in Eastern Anatolia which it has under consideration, the agricultural population would be enabled export its produce, the town-dwelling and commercial element would become prosperous, and the so-called Armenian question would, as regards this vilayet, to a great extent cease to exist with the advent of increased trade and prosperity.

I have, &c.
IAN M. SMITH, *Lieutenant*,
1st Somerset Light Infantry.

Enclosure 2 in No. 117.

Vice-Consul Smith to Sir L. Mallet.

(No. 2.)
Sir, *Van, January* 10, 1914.

I HAVE the honour to inform your Excellency that the joint committee of the Dashnakist, Henchnakist, and Armenagan Ramgavar parties in Van, at a meeting which took place about ten days ago, resolved as follows:—

1. That it was in complete agreement with the demands made by the Patriarch for proportional representation of the Armenian nation at the elections, believing it to be the only means of securing electoral rights for the Armenians and other nations.
2. That it protested strongly against the Armenophobe policy of the present Government.
3. To urge the Patriarch, through the Murakhas, to insist on his demands, and in the event of their being refused, to proclaim a national boycott of the elections.

As your Excellency is aware, these three parties at Van some six months ago agreed to sink their differences and to unite for the purpose of dealing with such matters as concerned the general interests of the Millet. The influence of the Dashnakist party, however, far exceeds that of the other two, owing to the more active and extreme policy it pursues. It is well organised, has a regular and apparently considerable income from subscriptions, and has its agents throughout the Armenian villages in the vilayet who work for the party and keep in touch with the central committee in Van. This party during the past year has actively concerned itself with the secret importation of arms and their distribution amongst its followers. Mauser pistols are the favourite weapons; they are easily hidden and imported and can be used as a carbine, being sighted up to 1,000 metres. I have seen Armenians openly carrying these arms in the country districts; and though I have seen no rifles in the few villages I have had the opportunity of visiting, a good number of the inhabitants displayed a familiar knowledge of the different types of rifles and their mechanism. In Van it is said that the Armenians are now better armed than the Kurds, and there is no doubt that they have obtained a number of modern rifles in addition to the few old Martinis which the Government has distributed to each village. This desire on the part of the villagers to obtain arms was the result of the general lack of security which existed up to within a few months ago and to the losses which they suffered at the hands of certain Kurdish brigands; the Dashnakist party made the most of this opportunity, their policy being to put the Armenians in the province in a position to hold their own against the Mahommedans should the necessity arise. Also, the selling of arms in Van is a very profitable trade—a rifle or pistol being sold for nearly three times its real value—and this makes the arming of the villagers a not unattractive business for the Dashnakist leaders who have taken it up.

Though the Local Government must be aware of what is going on, it has taken no steps to put a stop to the traffic in arms. It appears, on the contrary, to be the policy of the Vali to help the villagers to defend themselves, if necessary, by distributing old pattern army rifles in the proportion of three to six to each village, both Kurd and

Armenian. Some four months ago 1,000 rifles were sent from Van for distribution amongst the Kurdish tribes on the Persian frontier, particularly in the district which had suffered most last year from the incursions of Simko.

I have, &c.
IAN M. SMITH, *Lieutenant*,
1st Somerset Light Infantry.

[5756] No. 118.

Sir L. Mallet to Sir Edward Grey.—(Received February 9.)

(No. 68.) *Constantinople, February 3, 1914.*

Sir,

I HAVE the honour to forward herewith a despatch from the British commissioner on the Turco-Persian Frontier Commission, suggesting the necessity for a fresh map of the Shatt-el-Arab from its mouth to Diaiji.

I have, &c.
LOUIS MALLET.

Enclosure in No. 118.

Mr. Wratislaw to Sir L. Mallet.

(No. 4.) *Mohammerah, January 9, 1914.*

Sir,

I HAVE the honour to report that I am informed by Lieutenant-Colonel C. Ryder, D.S.O., R.E., the chief survey officer attached to the British commission, that he considers it will be necessary to provide a fresh map of the Shatt-el-Arab from its mouth to Diaiji to be attached to the protocol, in which the frontier along the river will be described, seeing that the Identic Map is not here sufficiently correct for the frontier line to be traced on it with a satisfactory degree of accuracy. The river channel has changed considerably since the Identic Map was made, and the majority of the islands assigned in the Constantinople protocol to Persia do not appear in the Identic Map at all and possibly did not even exist in 1850.

Lieutenant-Colonel Ryder is preparing a fresh map, based on the one executed under the supervision of Captain Wilson and attached to the Constantinople protocol, which he has corrected and brought up to date.

In my opinion, which Colonel Ryder shares, it is essential that an exact map should be attached to the protocols describing the frontier where the Identic Map is proved to be inaccurate, but that the commissioners are also bound under their instructions to make the frontier line on the Identic Map with such accuracy as is possible, and I propose to advocate these methods when the commission meets.

The longitude as given in the Identic Map has been found to be about 2 miles out in this region, but Colonel Ryder tells me that he hopes this error may gradually disappear as we move northwards to parts where the first commission worked under less difficult conditions.

I have, &c.
A. C. WRATISLAW.

[5532] No. 119.

Sir Edward Grey to Sir L. Mallet.

(No. 74.) *Foreign Office, February 9, 1914.*
(Telegraphic.)

YOUR telegram No 85 of 6th February: Italian concession at Adalia.

I quite concur in your Excellency's view that we should take no further engagement towards Italy, whom we have treated with generous good-will. The utmost we could do when the Smyrna–Aidin Company is satisfied would be to make it clear that we have no interest in opposing the concession.

[6117] No. 120

India Office to Foreign Office.—(Received February 10.)

India Office, February 9, 1914.

Sir,

I AM directed by the Secretary of State for India to transmit to you, for the information of the Secretary of State for Foreign Affairs, copy of certain papers on the subject of Bin Saud.

I am, &c.
T. W. HOLDERNESS.

Enclosure 1 in No. 120.

Officiating Political Resident in the Persian Gulf to Government of India.

(Confidential.) *Bushire, January 4, 1914.*

I HAVE the honour to forward, for the information of the Government of India, a copy of the letter which has been received from the Political Agent at Bahrein in regard to a request of Bin Saud for a pass authorising him to procure certain arms and ammunition.

No action seems possible at the present time, but the letter amplifies the remark made in paragraph 11 of the enclosure to my letter dated the 4th January, 1914, while for an earlier notice of Bin Saud's relation to the arms trade I would refer you to my predecessor's letter dated the 26th May, 1913.

Enclosure 2 in No. 120.

Political Agent, Bahrein, to Political Resident in the Persian Gulf.

(Confidential.) *Bahrein, December 20, 1913.*

I HAVE the honour to report that in the course of a conversation at Ojair on the 16th instant, Bin Saud asked me if I could give him a pass authorising him to procure from Muscat, for the use of his forces, 4,000 Martini rifles and carbines, of which 1,000 should be Martini-Metfords, with 400 rounds of ammunition per rifle.

2. In reply, I informed him that I had no power to grant such a pass, but that I would refer the matter to you. Bin Saud enquired when a pass or an answer to his request could be obtained. I replied that as the number of arms applied for was a large one, it was probable that the question might have to be referred to the Government, which would naturally entail some delay in getting a reply. I also added that it was possible that the answer might also be delayed by the question whether such a pass could be granted at the present moment, in view of his difficulties with the Turkish Government, and of the neutrality of the British Government in the dispute—possibly the grant of such a pass might be considered an infringement of neutrality.

3. I am not, of course, in a position to make any useful remarks on this point, but I think that Bin Saud's request shows that he wishes to co-operate with us in respect of the arms traffic, and (leaving aside the question of neutrality), I would respectfully suggest that it would be advisable to encourage Bin Saud to obtain his arms in a legitimate manner. Otherwise, he will doubtless attempt to smuggle them by sea or overland from Muscat if he can obtain any there, or he may get them from Jibutil to some port on the Red Sea and thence overland across Arabia.

4. Bin Saud stated, and Captain Shakespear confirmed the statement from personal experience, that modern small bore magazine rifles are useless to Arabs in the desert, as the sand speedily makes the mechanism useless. There is also the objection of the impossibility of re-charging the cartridges for such weapons. For

these reasons Bin Saud requires Martinis for his men, and for the same reasons the considerable number of magazine rifles recently captured from the Turks are practically useless to him.

5. I may add that Bin Saud gave me most explicit assurances that the arms were required solely for the use of his armed forces, and were not in any way for trade purposes and would not be sold.

6. If the pass cannot be granted now, I venture to suggest that it might be given when the negotiations between Bin Saud and the Turkish Government are completed, or are in a fair way to settlement.

Enclosure 3 in No. 120.

Officiating Political Resident in the Persian Gulf to Government of India.

Bushire, January 4, 1914.

IN continuation of my predecessor's letter of the 2nd December, 1913, I have the honour to submit a report by Major Trevor, Political Agent, Bahrein.

2. In forwarding this report to the Government of India, I would remark that our position between Bin Saud and the Porte is somewhat difficult. On the one hand we have recognised as belonging to Turkey the province of Hasa, which Bin Saud at present governs as an independent ruler, and which he wishes to retain. On the other hand, it would be imprudent to shape our action on the assumption that Bin Saud's retention of Hasa will be permanent or indeed more than temporary. At the same time it is impossible, regard being had to the local interests of British subjects and protégés, that we should continue to treat Hasa as a region politically derelict and having no administrative head with whom we can deal in matters affecting British subjects.

3. Every free bargain has two sides and must contain, if it is to be accepted, some element of advantage to both parties. With due regard to this principle a mutual arrangement seems not impossible, in regard to certain points, between ourselves and Bin Saud; but in respect of the practicability of an accommodation between Bin Saud and the Turks, the outlook is less promising.

4. Bin Saud is willing that British subjects should reside and do business in Hasa. He would protect them and would, in practice at least, recognise our right to represent their interests. It appears to me that, if our subjects who are desirous of trading in Hasa take advantage of his present disposition, a valuable point will have been gained by us, and that Bin Saud will himself benefit, and will be conscious of benefiting, by the mere fact that subjects of ours whom we trust him to protect reside in his territory. He cannot but be aware that he lays us under an obligation by encouraging them, and that we on our part will seek every means of maintaining a situation more favourable to our people than that which existed under the Turkish régime. British subjects who are desirous of proceeding to Hasa are now being permitted to do so, and I am authorising the Political Agent in Bahrein to enter into such correspondence with Bin Saud as their concerns may hereafter necessitate. In this way, perhaps, one part of the Bin Saud problem will be solved without further discussion, and in a manner making it difficult for the Turks, should they subsequently reoccupy Hasa, to resume their former attitude to British subjects there. To consolidate the position, I recommend that a native agent be at once posted to Katif to act as medium of communication between the Political Agent in Bahrein and Bin Saud's local governors. The Turks could hardly obtain the removal of this agent if, on recovering Hasa, they found him holding an established position in the province.

5. Other matters which, it seems to me, might be settled directly with Bin Saud at the present time are that of his relations with the Sheikhs of Katar and Trucial Oman and that of the control of refugees from his authority who settle under their protection.

These questions arise from Bin Saud's own position as an Arab Chief, and do not concern the Turks. It might be arranged with Bin Saud, on condition of his not entering the territory of the said Sheikhs without our consent, that we should use our influence to induce them to restrain or expel refugees whose conduct in their chosen places of residence was shown to be injurious to Bin Saud's legitimate interests. A

reciprocal arrangement of this nature should now, I venture to think, be proposed to Bin Saud through the Political Agent in Bahrein.

6. The crux of the present negotiations is Bin Saud's virtual request that we should intervene between him and the Turks in order to secure to him the government of the province of Hasa on an assumed, autonomous, and probably hereditary basis. Here it seems to me that the views of the Porte and of Bin Saud being at bottom irreconcilable, there is small prospect of our interposing with success, and that we should, therefore, in the interests of good relations both between ourselves and him, and between ourselves and the Turks, not be too forward in our interposition. Bin Saud is, from the Turkish point of view, a very recent and only momentarily successful rebel, and nothing can be offered to the Turks on behalf of Bin Saud, so far as I can see, which would appear in their eyes at the present moment an advantage worth purchasing by the concession to him of a single point. There can be no doubt that the Turks hope and expect to drive Bin Saud out of Hasa by force of arms; if not now, then in the course of a few years. The best line of action for them is undoubtedly to maintain their claim to Hasa as a province of the Ottoman Empire and to postpone attempting to enforce it until they feel themselves stronger—a line which they will in all probability follow. As time passes, however, if Bin Saud remains in adverse possession of Hasa, the Porte may become disposed to negotiate with him, possibly with our assistance. Three-cornered negotiations may then perhaps take place with some hope of a settlement acceptable to both parties being reached, but at present, circumstances are not propitious.

7. In short, the most expedient course for His Majesty's Government is, I venture to think, to take in hand at once, as indicated above, the questions which seem capable of direct settlement between their political representatives and Bin Saud, at the same time informing Bin Saud that his position in Hasa is a question in which they can only mediate between him and the Turks with the consent of both parties, but that they will do their best to support him in this manner. In fulfilment of this promise if authorised an effort might now be made to obtain, in the words of Sir Percy Cox's memorandum enclosed in his letter, dated the 2nd December, 1913, "an undertaking from them [*i.e.*, the Turks] not to take hostile action by sea against the coast left in Bin Saud's control without a previous exchange of views with us."

In making these recommendations, I do not lose sight of the fact that Bin Saud, if left to himself, may conclude with the Turks some arrangement unfavourable to British interests in Hasa; but, should he do so, it will be open to His Majesty's Government to take such action as is required for vindicating the interests threatened.

Enclosure 4 in No. 120.

Political Agent, Bahrein, to Political Resident in the Persian Gulf.

Bahrein, December 20, 1913.

I HAVE the honour to invite a reference to Sir Percy Cox's letter, dated the 2nd December, 1913, instructing me to proceed to Ojair in company with Captain Shakespear, Political Agent at Koweit, as soon as Bin Saud arrives on the coast, and to interview him there; in reply I beg to submit the following report of our proceedings.

2. As already reported in my diary I had heard (through Sheikh Isa) that Bin Saud would arrive at Hasa about the middle of Moharram, so that when Captain Shakespear arrived on the 7th December, having been kindly given a passage on the flagship by his Excellency the Naval Commander-in-chief, I knew that there would be some little delay.

3. On the 12th December a speciai messenger from Bin Saud arrived with letters for Captain Shakespear and myself, explaining his delay in reaching the coast and saying that he would be at Ojair on Monday, the 16th Moharram (15th December, 1913). I at once replied by the same messenger stating that Captain Shakespear and myself were ready waiting in Bahrein and that we would start for Ojair on the morning of Sunday, the 15th Moharram (12th December, 1913), and if the weather was favourable would reach there on the same night.

5. Having obtained a "boom" through Abdullah al-Gasebi, Bin Saud's agent at Bahrein, I accordingly left Bahrein on the morning of the 14th December, but owing to being becalmed for several hours *en route*, we only arrived outside the reef off Ojair

about midnight. The next morning (Monday, the 15th December) when making our way into the port a little before sunrise we saw Bin Saud's camp being pitched on the sand-hills about a mile east of the custom-house and Serai (the only buildings or habitations of any description at Ojair), and gathered that Bin Saud had already arrived. I landed with Captain Shakespear at about 8 A.M., and we were received by Bin Saud with great politeness on the shore outside the Serai. After a short interview in the Serai Bin Saud called for horses and we rode to the camp with him accompanied by a large crowd of horsemen, who on the way gave us an "ardtha" or welcoming ceremony, which consists in galloping furiously to and fro in front of honoured guests, shouting, brandishing swords, firing off rifles, &c.

5. Bin Saud told us that he had arrived about half-an-hour before we did and was exceedingly cordial and friendly. The friendly personal relations existing between him and Captain Shakespear, resulting from their meetings at Koweit and in the desert, put us on good terms at once, and made our subsequent interviews easy. On arrival at the camp we found that Bin Saud had caused a very large tent to be pitched for us, and done all he could in other ways to make us comfortable, *inter alia* by getting one of the best cooks in Bahrein over and entertaining us sumptuously in Arab style during the whole of our two days' stay.

6. On the day of our arrival and the greater part of the next day, (Tuesday the 16th December), we discussed with him the points mentioned in the memorandum attached to Sir Percy Cox's letter under reply. The result of these discussions is set forth in Memorandum I attached to this letter. After we had discussed these points Bin Saud raised the question of the policy of the British Government in Katar and Trucial Oman with special reference to their attitude in regard to enemies of his who might take sanctuary in these States and then use them as a base for intriguing against him, or as a retreat after inciting some Bedouin tribe to revolt against him. He said that of course he had not the slightest objections to fugitives from his wrath taking refuge with the neighbouring Sheikhs in accordance with the usual Arab custom, provided that they did not use their sanctuary as a base for intrigue; but if they did so he would be compelled to take steps for his own safety. The gist of this conversation is recorded in Memorandum 2 attached to this letter.

7. After business had been concluded, at the final interview Bin Saud volunteered to show us in confidence the conditions which had been proposed by the Turkish Government and himself as a basis for settlement of his future position. The document he produced and read out to us was in the form of a draft agreement containing eleven articles, five of which had been suggested by Bin Saud himself and the other six by the Turkish Government. The terms proposed by Bin Saud insisted on complete autonomy for the region actually controlled by him, special reference being made to his right to the coast-line and to the appointment and control of all local officials. The terms proposed by the Turkish Government laid down a partial autonomy for Bin Saud under the suzerainty of the Sultan with the following conditions:—

(1.) The reinstatement of the former Turkish garrisons in the Hasa province.
(2.) Kazis and other judicial officers to be appointed by direct "firman" by the Sultan.
(3.) The exclusion of all foreign merchants and agents of foreign Powers.
(4.) All communications from foreign Powers or their representatives to be referred to the Turkish authorities for disposal.
(5.) The payment of an annual revenue of £T. 3,000.
(6.) No concessions to be given by Bin Saud to any foreign companies for railways or motor-car services.

8. *A propos* of condition (6) above some conversation took place, from which we gathered that Bin Saud would not be averse to giving concessions under British auspices, should his position be regularised or in some way assured through our good offices.

9. I would add that during the discussions, on more than one occasion, Bin Saud made it clear that he would prefer that any reconciliation between himself and the Turks should be carried through under the auspices of the British Government, because he had no faith in the permanancy of any arrangement made directly with that Turkish Government.

10. Before leaving Bin Saud sent instructions to his deputy at Katij that he should permit British subjects to enter and trade and open shops, should they arrive at Katif and should protect them; and that he should communicate with the Political Agent at Bahrein regarding them should any questions arise.

11. In all the formal and private discussions which took place Bin Saud was most friendly; he seemed very much in earnest and most anxious to do whatever he could to meet the wishes of the Government and to obtain their support. We repeatedly told him that the British Government could not give him any assurance that they would keep the peace, as he expressed it, on the Hasa coast; this, of course, is what he wanted, but he realised that it was impossible. The tangible results of our interviews with him were that he at once agreed to accept and protect British traders in Katif (and no doubt in other places on that coast should they want to go there), and to postpone making any settlement with the Turks until he marches north in the spring, *i.e.*, for three months. Bin Saud also stated in a more informal manner that he would not interfere in the politics of Katar and the Trucial Coast States, and I think that Memorandum 2 shows that he had no desire to act contrary to the wishes of Government in these regions. Further, I am of opinion, and Captain Shakespear shares my view, that there is not the slightest doubt that should His Majesty's Government consider it desirable to use their good offices to effect a settlement between Bin Saud and the Porte, by which he would remain *de jure* ruler under Turkish suzerainty of the territories of which he is at present *de facto* ruler, Bin Saud would be only too glad to make a formal arrangement with the British Government on the remainder of the four points mentioned in Sir Percy Cox's memorandum, viz., to co-operate in the suppression of piracy and the arms traffic, and in the preservation of the maritime truce. In connection with the arms traffic question, I may mention that Bin Saud has made an application to be allowed to import rifles for the use of his troops; this is being dealt with separately in my letter of the 20th December, 1913, but it shows, I think, that Bin Saud means to work with the British Government in the matter.

12. In the course of our conversations with Bin Saud we gathered indirectly that he would probably accept autonomy under the suzerainty of His Imperial Majesty the Sultan with the payment of a trifling revenue (or tribute) to Turkey if necessary, as an acknowledgment of the suzerainty. Should His Majesty's Government see fit to try and effect a settlement between Bin Saud and the Turkish Government, it would seem desirable, I respectfully submit, to take some definite steps within the next two months, *i.e.*, say before the 1st March, of which at least a hint could be communicated by me to Bin Saud before he goes north in the spring in order to save him from making some arrangement with the Turks which might be hostile to our interests. In the meanwhile, if one or two British subjects who have been pressing me to allow them to go to Katif are permitted to go there, it will strengthen our position in resisting the conditions regarding the exclusion of foreigners, which the Turks particularly desire to impose upon Bin Saud.

13. In conclusion, I would observe that only Bin Saud, Captain Shakespear, and myself were present at any of the interviews at which politics were discussed, and I should like to say that the exceedingly friendly and cordial attitude of Bin Saud at the meeting was due to his friendly feelings towards Captain Shakespear. The latter's knowledge of the language and ways of the Bedouin from Central Arabia was also most helpful, and his presence was mainly responsible for any favourable results which may follow from the meeting.

I.—*Memorandum of Interview with Bin Saud on December* 15 *and* 16, 1913.

In order to make his position clear Bin Saud began by giving an account of the history of Nejd, from his point of view, of which the following paragraph is a résumé:—

His family, he said, had been in Nejd from time immemorial, and had for generations ruled over it without interference from outside. He himself was an Arab chief whose views on matters of policy naturally differed from those of European Powers. Bedouin tribes are not concerned in weighing the merits of different Governments as they live as nomads, and when oppressed move off to another locality. When Ibn Rashid attacked the Bin Saud family, the latter eventually won, though, in recent years he (Abdul Aziz Bin Saud) himself had been able to consolidate his authority in Central Arabia and has now taken Hasa and Katif. As is well-known, these places originally belonged to his family, and did not pass into the hands of the Turks by fair conquest, but by stratagem, viz., by fomenting discord between two members of the family, Abdulla and Saud, the sons of Faisal, and by supporting one against the other. Eventually when Abdulla was successful the Turks, in

return for their help, retained their garrisons in the Hasa province, and actually took over the government of it, though Abdulla was made the titular Governor. After a time the Bedouin Arabs, finding that the local Turkish Government was weak and impotent, took to indiscriminate raiding, thereby causing great chaos and want of security, while the more respectable and responsible portion of the population became dissatisfied with the Government because it was unable to put a stop to the reign of lawlessness. In the meanwhile, he (Abdul Aziz Bin Saud) was approached by Arabs, not only of the Hasa province, but also of Bagdad, Basra, and other places, who were equally dissatisfied, and became convinced that the whole Arab world scorned the Turkish rule. Finding that the province of Hasa, "where our word runs," was being oppressed and bled by the Turks, and having been asked several times by the people of the province to intervene, he eventually determined to take the bull by the horns, reoccupy the province, and ask for the support of the British Government.

2. At this stage it was pointed out to him that our first object in arranging this personal interview was to find out precisely in what way he wanted the assistance of the British Government, seeing that he was aware of the friendly relations between the British and Turkish Governments, and of the neutrality of the former in respect of the differences between him and the latter. In reply, Bin Saud stated that what he was concerned with was his honour, the honour of his house, and the preservation of his ancestral rights. He desired to renew and maintain the ancient friendship between his family and the British Government and to have his position secured. He was led to ask the British Government for assistance because he had seen how that Government had dealt with Koweit, Bahrein, and other places, and had realised that they were to be trusted. Bin Saud added that he wishes to have nothing to do with any other Power, although he has already been approached by the Turkish Government. He feels that he must make some terms with them to safeguard his position if the British Government disappoint him. He wants to know definitely what their expressions of goodwill really amount to, in order to be able to secure his own position.

3. At this point he was asked to explain himself rather more clearly. He replied that all he wants is to be left in peace, and he sees that the British Government keeps the peace all along the coasts of the Persian Gulf except in this small section—the coast of the Hasa province. If he could get an assurance that the British Government would maintain the maritime peace on this strip of coast and recognise his position as *de facto* ruler he would be satisfied; if not he would have "to trust to his own sword." He feels convinced that the British Government could secure this result by diplomatic means if they so desired.

4. At this point it was explained to Bin Saud that we could give him no such assurance, and, moreover, we were convinced that the British Government, in view of their friendship with the Turkish Government, could not do so either, as any such assurance at the present time would obviously be directed against the Turks.

5. He said that the Turkish authorities had written to him proposing that he should come to terms; the draft conditions laid down that the *status quo ante* should practically be restored, that he should not accept any representatives nor subjects of foreign Powers in his territory, and that he should not hold any communication with any foreign Power except through the Turkish authorities. He said that he thought the Turks would be ready to drop all the conditions in the proposed agreement except the questions of the conduct of foreign policy and of the admission of foreign agents and foreign subjects. These, he thought, were their principal demands, and, if he conceded them, the Porte would probably agree to leave him in peace as *de facto* ruler—how would the British Government view such an agreement?

6. It was pointed out that if he continues to be the *de facto* ruler of the Hasa coast, it would be absolutely necessary for the local British authorities to have direct communication with him and his local officers for the settlement of various commercial, pearling, and other disputes, which constantly arise, not to mention the apprehension of fugitive offenders and absconding divers. The British Government, therefore, would in all probability have to take up the question of the prejudice to their rights and interests which the existence of any clause excluding their representatives and subjects would entail.

7. In the discussion which followed Bin Saud said he would be glad to co-operate with the British Government in the suppression of piracy and the illicit arms traffic,

and in the maintenance of the Maritime Truce, and would also agree not to interfere in the politics of Katar and the Trucial Coast, and to admit British subjects and representatives in his territory, provided that the British Government would give him the assurance mentioned above. In fact, he went further than this, and said he would be willing to consult the British Government in all important matters if he received these assurances. We again repeated to him that it was quite impossible to give him any such assurance.

8. In the course of his remarks Bin Saud pointed out that, though he claimed the Trucial Oman and Katar as part of his ancestral dominions and could make his power felt there, he was quite willing to meet the wishes of Government in regard to them. He hinted that the only reason which restrained him from overrunning Katar, and possibly Trucial Oman, after he had occupied Hasa and Katif, was his desire not to alienate the sympathy of the British Government.

9. Bin Saud pressed the urgency of making a definite reply to the Turkish proposals at an early date, and said that correspondence had already been going on since Ramazan last (August 1913), but that he had delayed doing so in the hope that the proposed meeting with the Resident might result in some understanding.

10. It was then suggested to him that, as we were not in a position to state the attitude of His Majesty's Government in regard to the proposals made to him by the Turkish Government, it might be still possible for him to delay a definite answer until His Majesty's Government have had an opportunity of considering the report of our meeting. Bin Saud pointed out that the mere fact of the meeting would draw upon him a certain amount of opprobrium from the Turks, and thereby prejudice the progress of the negotiations already instituted by them. We explained that this meeting was necessary in order to find a basis for a working arrangement to settle local disputes and questions arising between his officers on the coast and local British officials. In fact, we informed him, the necessity of such a meeting is recognised, and so far back as the middle of September (Shawal) last His Majesty's Government had informed the Turkish Government (through Hakki Pasha) that as he (Bin Saud) had reached the shores of the Persian Gulf, the British Government would be unable to ignore him indefinitely, and for the protection of their own interests would be compelled to find a *modus vivendi* with him, while at the same time maintaining a strictly neutral attitude and desiring a speedy rrconciliation between him and the Turks.

11. *Second Day.*—Bin Saud reverted to the concluding portion of the previous day's discussion, and we further explained that the primary object of our visit was to ascertain his views with the object of enabling the British Government to find a *modus vivendi* with him on the lines already suggested. It was further pointed out to him that the commercial and pearling relations between Bahrein and the coast of the Hasa province were very intimate, and that British subjects who had previously been in Katif had several times pressed the Political Agent, Bahrein, to allow them to return, but that he had refused to agree, pending the regularisation of Bin Saud's position or a clearer idea of his probable attitude towards them. Bin Saud then said that he had no objection to British subjects coming to Katif provided that their claims against local people receive adequate investigation before settlement, and that, subject to this proviso, he would afford them every protection. He appeared to be under the impression that British officials might perhaps uphold and press all claims of their nationals, irrespective of the correctness of such claims. We reassured him on this point, and he then said he would gladly admit and protect British traders.

12. Bin Saud then reverted to the question of replying to the overtures of the Turkish Government. He said that he realised that the entire exclusion of foreign enterprise and commerce from the Hasa coast was impossible at the present time, in fact it has already existed for years. Accordingly he proposed to reply to the Turkish overtures that the questions between him and the Turkish Government appeared to him to be matters which could be better discussed at a personal interview, that he would be moving to the northern end of his territory in the spring after two or three months, and that he suggested that the Vali should meet him then somewhere in the neighbourhood of Basra. He would add (and would also inform his agents in Basra and Bagdad) that his recent meeting with British officers at Ojair had its *raison d'être* in the necessity for making some arrangement to facilitate communication between his officials on the coast and the neighbouring British officials in regard to the settlement of commercial and pearling claims and cases arising between British subjects (and protégés) and the local people; the apprehension of fugitive offenders; and the co-operation of his local officials in cases of piracy.

13. As Bin Saud was frank enough to tell us the lines of his proposed reply, we

ventured to say that its terms seemed to us unobjectionable and asked him whether he had any objection to our communicating its general tenour in our report; to this he replied that he had no objection, but that he hoped that the British Government would see therein an earnest of his sincere desire to arrive at a *modus vivendi* with them, and would exercise their benevolent good offices on his behalf.

A. P. TREVOR, *Major*,
Political Agent, Bahrein.
W. H. I. SHAKESPEAR, *Captain*,
Political Agent, Koweit.

At Sea, December 18, 1913.

(*Note.*—In order to prevent any misapprehension the note of our interviews from which this memorandum has been compiled were translated to Bin Saud, and he agreed that they were an accurate résumé of our discussions.)

II.—*Memorandum of Questions raised by Bin Saud regarding Katar and Trucial Oman.*

(Confidential.)

After the discussion on the subject of arranging a *modus viviendi* with Bin Saud had been finished, he said that he had another matter to discuss with us. He then asked us what was the policy of the British Government in regard to Katar and the Trucial Oman States. We said that we could not make any definite pronouncement on the subject, but that as a general rule, as far as we were aware, the policy of the Government was one of non-interference in internal matters; in the case of the Trucial Chiefs we had certain agreements of long standing regarding the Maritime Truce, the Slave Trade and Arms Traffic, to which we held the Sheikhs, but we did not as a rule interfere with their rule on shore. As regards Katar we translated to him the clause referring to that region in the recent Anglo-Turkish Convention, and said that we presumed the British policy there would also be one of non-interference.

Bin Saud said that there was a possibility that enemies of his might take refuge in some of these States and plot against him and foment trouble—he instanced the case of his relatives, the Araif, who are now in Katar—and asked what the attitude of the Government would be in regard to such cases. We said that we were unable to state definitely, but would be glad to refer the matter to a higher authority with a view to getting the point settled as soon as possible. He was apparently satisfied with this, but urged that the matter was important to him as affecting his authority over the adjacent Bedouin tribes. At any time in order to check the intrigues of such people it might be necessary for him to take reprisals, and this might involve him with the British Government, which he was anxious to avoid.

A. P. TREVOR, *Major*,
Political Agent, Bahrein.
W. H. I. SHAKESPEAR, *Captain*,
Political Agent, Koweit.

At Sea, December 18, 1913.

[6177] No. 121.

Sir L. Mallet to Sir Edward Grey.—(*Received February* 10.)

(No. 93.)
(Telegraphic.) *Constantinople, February* 10, 1914.

THE consul at Adrianople reports that the whole of the 9th Army Corps is now assembled at Demotika. This corps probably belongs to Erzeroum, but has been kept in Europe since the war. Its concentration at Demotika may be due to rearrangement of garrisons, but meanwhile movement augments number of Turkish troops disposable on new frontier line.

[6534] No. 122.

Sir Edward Grey to Sir G. Buchanan.

(No. 48.)
Sir, *Foreign Office, February* 10, 1914

I SHOWED Count Benckendorff to-day your Excellency's telegram No. 44 about Armenian reforms. I said that it was very satisfactory, and one did not often get a telegram that was so pleasing as this.

I am, &c.
E. GREY.

[6295] No. 123.

India Office to Foreign Office.—(*Received February* 11.)

Sir, *India Office, February* 10, 1914.

I AM directed by the Secretary of State for India to acknowledge the receipt of your letter dated the 30th January, enclosing copy of a letter from the Board of Trade regarding Messrs. Wönckhaus's claim to compensation in respect of Abu Musa oxide.

The Marquess of Crewe has caused the telegram of which a copy is enclosed for Sir E. Grey's information to be addressed to the Government of India, asking for information on the two points raised by the Board of Trade in paragraph 9 of their letter, and calling for a list and value of any implements belonging to Messrs. Wönckhaus that may have been left on the island. His Lordship is advised that information on these points can probably be obtained from the Residency at Bushire, and he is of opinion that Messrs. Wönckhaus should not be asked for their version of the facts until at any rate a reply has been received from the Government of India.

He would suggest also, for Sir E. Grey's consideration, that on receipt of this information it would be as well to obtain the expert views of Mr. Strick, informally and confidentially, on the merits of the substantial portion of Messrs. Wönckhaus's claim (*vide* paragraphs 6–12 of the Board of Trade's letter) and on the minor question of the alleged deterioration of the oxide shipped by the steamship "Louise." He would further suggest that perhaps the most convenient means of obtaining Mr. Strick's opinion would be to entrust this task to Sir P. Cox, who is available for the purpose and has an intimate local knowledge of the whole question.

I am, &c.
T. W. HOLDERNESS.

Enclosure in No. 123.

The Marquess of Crewe to the Government of India.

(Telegraphic.) P. *India Office, February* 9, 1914.

PLEASE report by telegraph whether Messrs. Wönckhaus shipped any oxide from Abu Musa under their contract prior to the shipment made in April 1908 by steamship "Louise"; also whether any of the oxide ready mined when contract was cancelled had been mined before the 1st June, 1906, date of commencement of contract; also the list and value of the implements (from Hamburg-Amerika steamer) which Wönckhaus left on the island.

(Repeated to Bushire.)

[6279] No. 124.

Sir F. Bertie to Sir Edward Grey.—(*Received February* 11.)

(No. 17.)
(Telegraphic.) *Paris, February* 10, 1914.

YOUR telegrams Nos. 49 and 50 of 9th February: Southern Albanian frontier and the Ægean Islands.

The French Minister for Foreign Affairs' information is that the Greek President of the Council wishes the communication to be made at Athens so as to strengthen his hands in view of the preparations being made by the sacred bands to cause disturb-

ances, and that the Turks are taking advantage of the delay in the communication to intrigue concerning the islands.

The French Minister for Foreign Affairs thinks that France, England, and Russia, in consenting to join with the Triple Alliance in making the communications at Athens and Constantinople without a preliminary agreement as to the measures to cause the decisions of the Powers to be respected, should take note of the fact that Austria and Italy and Germany do not refuse to join such measures, but only postpone the consideration of the question until after receipt of replies from the Greek and Turkish Governments.

The Minister for Foreign Affairs says that if negotiations were begun now for coercion, which possibly may never be required, there would at all events be great delay, and possibly no result, and meanwhile precious time would be lost for the giving of the notices to Greece and Turkey, of which delay Greek bands and Turkish Government would take advantage to the danger of a peaceable solution of both questions.

The Minister for Foreign Affairs' information from Bucharest is that the King of Roumania will not tolerate a disturbance of the Bucharest Treaty by Turco-Bulgarian action, and that the Roumanian Minister for Foreign Affairs has given a severe warning to that effect to the Turkish Minister.

The French military attaché at Constantinople reports that there are no warlike desires in the army at present.

The French Minister for Foreign Affairs says that, after the acceptance by Greece and Turkey of the decisions of the Powers in regard to the islands, it will be open to the Greek and Turkish Governments to come to an arrangement to modify those decisions.

[6267] No. 125.

Sir L. Mallet to Sir Edward Grey.—(Received February 11.)

(No. 94.)
(Telegraphic.) *Constantinople, February 10, 1914.*

DJEMAL PASHA has been to see me about Italian concession. He maintains the view explained in my despatch No. 1048, but desires strongly that a railway should be built between Adalia and Buldur, and has instructed Hakki Pasha to make proposal to British company with this object.

I explained to him our position in the matter of arrangement between company and Italian syndicate supposing Turkish Government gave any concession to Italians, and I told him I did not think British company would be very likely to wish to build the line. He said that in this case he might offer it for adjudication—of course respecting British rights—and that Italians would co-operate and probably obtain it. He said that he thought Italian Ambassador would accept this proposal.

He said, however, that he would much prefer giving concession to an Anglo-Italian combination if this could be brought about. I think he is in some difficulty, and that probably other members of the Government are in favour of granting Italians some concessions.

He liked the idea of Anglo-Italian combination, because he fears Italians want to create a sphere of influence.

He said he wanted to accord requests of British company for extension and junction with Anatolian Railway Company, &c., but he fears that Germans will then demand to enjoy fulfilment of the kilometric guarantee of the Eski Chehir–Konieh line.

[6479] No. 126.

Sir L. Mallet to Sir Edward Grey.—(Received February 12.)

(No. 98.)
(Telegraphic.) R. *Constantinople, February 12, 1914.*

MY telegram No. 71 of 31st January.

German Colonel Nicolay appointed definitely to command of 3rd division of 1st Army Corps at Scutari.

[6279] No. 127.

*Sir Edward Grey to Sir F. Bertie.**

(No. 56.)
(Telegraphic.) R. *Foreign Office, February 12, 1914.*

SOUTHERN Albania and Ægean Islands.

As it is the desire of all the Powers to make the communications at Athens and Constantinople immediately, His Majesty's Government, being reluctant to separate from the Powers, have sent instructions to the British Ambassador at Constantinople and the British Minister at Athens to join in the respective communications when all their colleagues are similarly instructed.

His Majesty's Government do not, however, feel that British interests are involved either in securing the evacuation of Epirus by Greece or in deciding, as between Greece and Turkey, the ownership of the islands. The object of His Majesty's Government in promoting this settlement, of which they regard the two parts as interdependent, has been to secure unity between the Powers.

Should there be difficulty in getting either the decision about the Albanian frontier or that about the islands accepted, His Majesty's Government must not be regarded as committed by the communications now made at Athens and Constantinople to any further steps, unless there be agreement between all the Powers to share the responsibility of making both decisions respected, and failing such agreement His Majesty's Government must reserve their future attitude with respect to these decisions.

You should inform Minister for Foreign Affairs accordingly.

(Repeated to Constantinople, No. 85, and Athens, No. 22.)

[6279] No. 128.

Sir Edward Grey to Sir L. Mallet.†

(No. 87.)
(Telegraphic.) R. *Foreign Office, February 12, 1914.*

SOUTHERN Albania and Ægean Islands.

My immediately preceding telegram of to-day.

You may join your colleagues in presenting collective declaration, as now approved by all the six Powers, to the Government to which you are accredited.

[6267] No. 129.

Sir Edward Grey to Sir L. Mallet.

(No. 89.)
(Telegraphic.) *Foreign Office, February 12, 1914*

YOUR telegram No. 94 of 10th February: Smyrna–Aidin Railway.

I understand that negotiations are proceeding satisfactorily between M. Nogara and Smyrna–Aidin Company, but the Italians have not made any definite proposal for a line uniting Adalia and Buldur, which would be very costly and could not of course trespass within 40 kilom. of Buldur without consent of British company. The lines proposed by M. Nogara do not come within 50 kilom. of Buldur.

The manager of the Smyrna–Aidin Railway is coming over in a week, and meanwhile M. Nogara has asked for more time, as he wishes to modify his proposals in minor respects.

As to last paragraph of your telegram, meeting was held on Friday in London with representatives of Anatolian Railway, who are willing to agree not to oppose any of Smyrna–Aidin Company's requests, except that for navigation rights on Lake Beyshehir, which, owing to watershed, they claim is in the Anatolian region. It was then suggested tentatively that perhaps an arrangement could be made for a joint line from Beyshehir to Konia, or for a line to be built by Germans from Beyshehir to Konia, making the junction by this route instead of at Afium Karahissar, and both companies participating in navigation of Lake Beyshehir. This is to be examined and discussed further when Germans return in ten days.

Germans contend that, whether junction is made at Konia or Afium Karahissar, they cannot face risk of diversion of traffic to Smyrna unless Ottoman Government

* Also to Sir E. Goschen (No. 50), Sir M. de Bunsen (No. 30), Sir R. Rodd (No. 35), and Sir G. Buchanan (No. 81).

† Also to Sir F. Elliot (No. 24).

release them from the counter-guarantee given by Anatolian Company to Ottoman Government that former will make up to Government any difference between actual gross receipts, if they are below 6,000 fr. per kilometre, and 6,000 fr.

It is of course possible that junction with Smyrna–Aidin line would increase receipts of Anatolian Railway, but, in order that position may be fully considered, I should be glad if your Excellency would send home detailed statement showing actual results in gross earnings per kilometre of Eski-Shehir–Konia line in past ten years.

[7061] No. 130.

Sir Edward Grey to Sir G. Buchanan.

(No. 59.) *Foreign Office, February* 12, 1914.

Sir,

THE Russian Ambassador told Sir A. Nicolson to-day that M. Doumergue had informed Djavid Bey that when the loan contract came up for signature he would demand a formal undertaking that before any instalments were paid Turkey should engage to keep the peace.

I am, &c.
E. GREY.

[7060] No. 131.

Sir Edward Grey to Sir G. Buchanan.

(No. 61.) *Foreign Office, February* 12, 1914.

Sir,

THE Russian Ambassador told Sir A. Nicolson to-day that his Government, in expressing to the Porte their appreciation of the acceptance of Armenian reforms, had said that they were glad that the Turkish Government had agreed to the admission of a Russian delegate to the Public Debt Commission, but had added that the German Government were raising objections and laying down conditions. The Russian Government therefore hoped that the Porte would use their influence at Berlin to overcome the German objections. Sir A. Nicolson remarked that the French Government would also probably have a word to say in the matter.

I am, &c.
E. GREY.

[6556] No. 132.

British Counter-draft of February 1914.

(*Communicated to Herr von Kühlmann, February* 12, 1914.)

ARTICLE 6, Clause (*b*). His Britannic Majesty's Government, so far as they are concerned, agree that the Consuls of the several Powers stationed at Basra shall have the right to correspond with the Commission on matters within its competence. Should the Commission fail to meet the reasonable requirements of the commerce of the river and refuse to remove the causes of complaint, His Britannic Majesty's Government will use their good offices to ensure the reference of the question at issue to an impartial expert to be nominated by agreement between the Imperial Ottoman Government, His Britannic Majesty's Government, and the Government or Governments whose consul or consuls

may have raised the complaint to be enquired into.

Failing agreement, Her Majesty the Queen of the Netherlands shall be invited to designate the expert referee.

The expert referee shall, unless it be otherwise agreed by the Governments concerned, proceed to Basra for the purposes of his enquiry, and shall publish his report within four months of his arrival there.

The Government of His Britannic Majesty will use their good offices with the Imperial Ottoman Government to ensure that effect is duly given to such recommendations as may be made by the expert referee.

The expenses of the enquiry, including the remuneration of the referee, shall be borne in equal shares by the Governments concerned.

[6774] No. 133.

Admiralty to Foreign Office.—(Received February 14.)

Sir, *Admiralty, February* 13, 1914.

MY Lords Commissioners of the Admiralty have had under consideration your letter of the 29th ultimo, further respecting the request of the Turkish Government for the loan of British naval officers, &c., for service in the Turkish fleet.

2. In reply, their Lordships desire me to acquaint you, for the information of the Secretary of State, that they concur in the reply which he proposes to address to the Turkish Ambassador on this subject, except that they would suggest that the words "invite officers to accept employment" be substituted for "designate officers for employment" in the last paragraph of the letter.

3. I am further to suggest for Sir E. Grey's consideration that the Turkish Ambassador might be given to understand informally that the removal of an officer's name from the list of the Royal Navy in the circumstances mentioned might be limited to the period of hostilities, although a promise of eventual restoration to the list could not be given beforehand, and that, with this possibility in view, retired officers might be found who were ready to volunteer for the posts in question.

4. My Lords concur in a copy of the correspondence between the Foreign Office and the Turkish Ambassador being sent to Admiral Limpus, but it appears to them that it would be preferable for this to be done through His Majesty's Ambassador at Constantinople, who could be instructed to inform that officer confidentially as to the actual position.

I am, &c.
W. GRAHAM GREENE.

[6802] No. 134.

Sir L. Mallet to Sir Edward Grey.—(Received February 14.)

(No. 103.)

(Telegraphic.) R. *Constantinople, February* 14, 1914.

YOUR telegram No. 89 of 12th February.

From Mersina to plain of Beyshehr is 240 miles, whilst from Smyrna it is 405 miles. Germany would greatly gain by any junction in the neighbourhood of Beyshehr, as traffic would naturally flow to Mersina.

If, as appears from your telegram, Germany is opposing nothing but navigation on lake of Beyshehr, then perhaps company might be satisfied with building of line to lake and leave navigation alone.

I am sending a statement of gross receipts of Eski Shehr–Konia line by post.

[6853] No. 135.

Sir L. Mallet to Sir Edward Grey.—(Received February 16.)

(No. 77.)

Constantinople, February 3, 1914.

Sir,

I REPORTED by telegram on the 2nd instant the language held to me by the Grand Vizier on the occasion of his official reception respecting the attitude of His Majesty's Government in initiating proposals respecting the Ægean islands which were inimical to Turkey's interests.

His Highness said that he had learned with great disappointment and surprise that His Majesty's Government had followed up their original proposition by inviting the Powers to take part in a naval demonstration to enforce their decision, but he added that, fortunately for them, the Triple Alliance had refused your proposal. He then went on to repeat what he had often said before, that he regretted the change of attitude on the part of His Majesty's Government towards the Ottoman Empire, and that he did not understand what object they had in creating difficulties for them. His Government had honestly tried to settle all outstanding questions with His Majesty's Government, with whom they wished to be on good terms and whose friendship they valued. They hoped that this disposition on their part would have met with appreciation and encouragement, but their advances had hitherto been met with coldness, their requests for assistance refused, and now proposals had been initiated by His Majesty's Government which gave an impression of actual unfriendliness. In their desire to be agreeable to Greece they had gone so far as to make a proposal which could not fail to create difficulties between Turkey and that country, the intention to enforce their decision if carried out would make negotiations with Greece difficult, because if Greece refused to entertain the Turkish proposal she knew she could fall back on the Powers for support.

His Highness was pessimistic as to the future, and whilst vigorously disclaiming any intention of making war, which, he said, was out of the question and had never been in their thoughts, he alluded to the probability that, unless a bargain was struck with Greece, grave trouble would arise in the future through boycotting and the expulsion of Greek subjects. His intention was to negotiate with Greece for an exchange of islands, and to try and arrive at a friendly settlement, and he enquired what were His Majesty's Government's views on this subject, and whether they would view such a policy with favour and assist in its realisation.

I have on more than one occasion explained to his Highness the rôle played by His Majesty's Government in the question of the islands, so that I confined myself to saying that I was glad to hear that his Highness disclaimed any intention of hostilities with Greece, and that it would be most regrettable if resort was had to boycotting or expulsion. I said that I was unaware of any new proposal made by you for a naval demonstration, and I enquired whether he was quite sure that the proposal had been made and that the Triple Alliance had refused it, and he replied that he was absolutely certain of his facts and begged that I would repeat his observations to you, which I promised to do by telegraph.

I have, &c.
LOUIS MALLET.

[6858] No. 136.

Sir L. Mallet to Sir Edward Grey.—(Received February 16.)

(No. 82.)

Constantinople, February 9, 1914.

Sir,

THE chances of a successful termination of Djavid Bey's negotiations for a loan are a source of preoccupation to Sir R. Crawford, who has warned me on several occasions that the Powers should not allow the present situation to continue, unless they desire to see the complete break-down of Turkish administration, with all the consequences which this may entail.

Sir R. Crawford states that the current account to-day at the Ministry of Finance shows in round figures that the salaries are five months in arrears and amount to 2,500,000*l.*, that the debts due to army contractors stand at 3,000,000*l.*, and military requisitions at 500,000*l.*, totalling in all the sum of 6,000,000*l.*

These are the established arrears to date on the central cash account alone, and there is no prospect whatever of any receipts being available to cover any part of these arrears; on the contrary, it is said that by the end of the financial year they will be still further increased, as the small margin of revenues remaining to be collected will be insufficient to meet even the barest requirements of the services of public order and security throughout the Empire.

Indeed, as things are, Turkey is passing through a financial crisis which is not only producing signs of administrative disorganisation, arising from discontent and from the desperation of the unpaid civil functionaries, but which threatens graver difficulties if the Government is unable to meet the demands for the rations and pay of the military gendarmerie and police.

I understand, however, from Talaat Bey, whom I questioned on this subject, that there is no immediate danger of this latter eventuality. Sir R. Crawford estimates that the final accounts for the current year will show a deficit which will have to be cleared up by a loan operation of at least 12,000,000*l.* He tells me that the draft budget for the approaching financial year which has been submitted to the Financial Commission, cuts down the army estimates by 3,000,000*l.* and reduces all other services by 15 per cent., but that in spite of these reductions there will remain an estimated deficit of £T. 5,500,000. It is hoped to reduce this deficit to 2,000,000*l.* by the imposition of extraordinary taxes for a single year, which will fall mainly on land and professions, and to retain two months' salaries of all state employés.

I should wish to call your special attention to the effect of augmenting the already heavy burden imposed upon the poorer classes in this country. The peasant is already mulcted of 40 per cent. of his earnings, and if this tax is doubled, as I believe is proposed, he will be reduced to beggary which, apart from humanitarian reasons, is to be deprecated on the ground that his purchasing power will be diminished and foreign trade injuriously affected.

It is, I understand, contemplated that six months' notice shall be given before the 4 per cent. customs increase is applied, in regard to which Sir R. Crawford points out to me that, during that interval, at least twelve months' goods in excess of the normal importation would be imported. Consequently the Ottoman Government would obtain no real profit from the 4 per cent. customs increase for over a year after its application. Moreover, the consumer in Turkey would gain little by the long notice, because the greater part of the excess stock imported to escape the 4 per cent. would be sold after the date of the application of the 4 per cent., and prices would be fixed to give the seller the profit equivalent to the 4 per cent. on goods which had not paid it. That is to say, that the importer would benefit at the expense of the State and the consumer.

On the other hand, sufficient notice might properly be given to cover goods on the way or in course of shipment. In Sir R. Crawford's opinion two months would be ample for this purpose, and even this interval will permit of a considerable amount of forestalling. I am under the impression that short notice is usually given by a State which is increasing its import duty, in the interests of the State and the consumer, and if this is so to press for more than two months would seem unreasonable. Provided, moreover, that goods under way and goods supplied under contract are covered by saving clauses, the foreign importer is said to gain but little by a long notice, unless the increases of duty were such as unduly to diminish consumption.

If, therefore, the information given me by Sir R. Crawford is correct, it would seem impolitic to apply to Turkey at this moment exceptionally severe treatment; for although the relief afforded by the augmentation of the customs duties would be comparatively small, it would tide the Government over some of their difficulties.

I have, &c.
LOUIS MALLET.

[6862] No. 137.

Sir L. Mallet to Sir Edward Grey.—(Received February 16.)

(No. 86.)

Constantinople, February 9, 1914.

Sir,

I HAVE the honour to confirm my telegram No. 91 of the 8th instant, informing you that an agreement had been arrived at upon the last outstanding difference between the Russian Government and the Porte in regard to Armenian reforms, namely, the question of representation.

I enclose a copy of the note which the Grand Vizier will address to the representatives of the Great Powers as soon as the candidates for the post of

inspectors-general shall have been agreed upon, and I hope that its terms will have your approval.

I need not recapitulate the course of the negotiations which have led to the present settlement, as I have kept you fully informed of their progress. I think on the whole that the Turkish Government have shown a reasonable desire to meet the wishes of the Powers, and that considering the complexity of the question raised and the divergent interests at stake credit is due to them for having accepted the scheme in a form which is satisfactory to the Armenian Patriarch. The Russian Ambassador, who is now on leave of absence, showed great tenacity of purpose and energy in conducting the negotiations, which the Russian Chargé d'Affaires, M. Goulkévitch, has brought to a happy conclusion by his conciliatory and reasonable attitude.

I have kept in close touch with the Russian Embassy throughout the negotiations, and in cases of difference of opinion with the Porte I have used my best endeavours to promote an understanding.

I have, &c.
LOUIS MALLET.

Enclosure in No. 137.

Note to be addressed to Representatives of Great Powers.

DEUX inspecteurs généraux étrangers seront placés à la tête des deux secteurs de l'Anatolie orientale: M. A. à la tête de celui comprenant les vilayets d'Erzeroum, Trébizonde et Sivas; et M. B. à la tête de celui comprenant les vilayets de Van, Bitlis, Kharpout et Diarbékir.

Les inspecteurs généraux auront le contrôle de l'administration de la justice, de la police et de la gendarmerie de leurs secteurs.

Dans les cas où les forces de sûreté publique s'y trouveraient insuffisantes, et sur la demande de l'inspecteur général, les forces militaires devront être mises à sa disposition pour l'exécution des mesures prises dans les limites de sa compétence.

Les inspecteurs généraux révoquent, selon le cas, tous les fonctionnaires dont ils auront constaté l'insuffisance ou la mauvaise conduite en déférant à la justice ceux qui se seraient rendus coupables d'un acte puni par les lois; ils remplacent les fonctionnaires subalternes révoqués par des nouveaux titulaires remplissant les conditions d'admission et capacité prévues par les lois et les règlements. Ils auront le droit de présenter à la nomination du Gouvernement de Sa Majesté le Sultan les fonctionnaires supérieurs. De toutes les mesures de révocation prises ils préviennent immédiatement les Ministères compétents par des dépêches télégraphiques brièvement motivées, suivies dans la huitaine du dossier de ces fonctionnaires et d'un exposé des motifs détaillé. Dans des cas graves nécessitant des mesures urgentes, les inspecteurs généraux jouiront d'un droit de suspension immédiate à l'égard des fonctionnaires inamovibles de l'ordre judiciaire, à la condition d'en déférer immédiatement les cas au Département de la Justice.

Dans les cas où il serait constaté des actes commis par les Valis nécessitant l'emploi de mesures de rigueur urgentes, les inspecteurs généraux soumettront par télégraphe le cas au Ministère de l'Intérieur, qui en saisira immédiatement le Conseil des Ministres, lequel statuera dans un délai maximum de quatre jours après la réception du télégramme de l'inspecteur général.

Les conflits agraires seront tranchés sous la surveillance directe des inspecteurs généraux.

Des instructions plus détaillées relatives aux devoirs et aux attributions des inspecteurs généraux seront élaborées après leur nomination et avec leur concours.

Dans le cas où, durant le terme de dix années, les postes des inspecteurs généraux deviendraient vacants, la Sublime Porte compte pour le choix desdits inspecteurs généraux sur le concours bienveillant des Grandes Puissances.

Les lois, décrets et avis officiels seront publiés dans chaque secteur dans les langues locales. Chaque partie aura le droit devant les tribunaux et devant l'administration de faire usage de sa langue, lorsque l'inspecteur général le jugera possible. Les jugements des tribunaux seront libellés en turc et accompagnés, si possible, d'une traduction dans la langue des parties.

La part de chaque élément ethnique ("ounsour") dans le budget de l'instruction publique de chaque vilayet sera déterminée proportionnellement à sa participation aux impôts perçus pour l'instruction publique. Le Gouvernement Impérial ne fera aucune

entrave à ce que dans les communautés les coreligionnaires contribuent à l'entretien de leurs écoles.

Tout ottoman devra accomplir son service militaire en temps de paix et de tranquillité dans la région de l'inspectorat militaire qu'il habite. Toutefois, le Gouvernement Impérial enverra jusqu'à nouvel ordre dans les localités éloignées du Yémen, de l'Assir et du Nedjd des contingents de l'armée de terre prélevés de toutes les parties de l'Empire ottoman proportionnellement aux populations y établies; il enrôlera, en outre, dans l'armée de mer les conscrits pris dans tout l'Empire.

Les régiments Hamidié seront transformés en cavalerie de réserve. Leurs armes seront conservées dans les dépôts militaires et ne leur seront distribuées qu'en cas de mobilisation ou de manœuvres. Ils seront placés sous les ordres des commandants de corps d'armée dont la zone comprend la circonscription où ils se trouvent. En temps de paix les commandants des régiments, des escadrons et des sections seront choisis parmi les officiers de l'armée Impériale ottomane active. Les soldats de ces régiments seront soumis au service militaire d'un an. Pour y être admis ils devront se pourvoir par eux-memes de leurs chevaux avec tout l'équipement de ceux-ci. Toute personne, sans distinction de race ou de religion, se trouvant dans la circonscription qui se soumettrait à ces exigences pourra être enrôlée dans lesdits régiments. Réunis en cas de manœuvres ou de mobilisation, ces troupes seront soumises aux mêmes mesures disciplinaires que les troupes régulières.

La compétence des conseils généraux des vilayets est fixée d'après les principes de la Loi du 13 mars, 1329 (1913). Un recensement définitif—auquel il sera procédé sous la surveillance des inspecteurs généraux dans le plus bref délai, lequel autant que possible ne dépassera par un an—établira la proportion exacte des différentes religions, nationalités et langues dans les deux secteurs. En attendant les membres élus aux conseils généraux ("medjilissi oumoumi") et aux comités ("endjoumen") des vilayets de Van et Bitlis seront par moitié musulmans et non-musulmans. Dans le vilayet d'Erzeroum, si le recensement définitif n'est pas effectué dans un délai d'un an, les membres du conseil général seront de même élus sur la base de l'égalité comme dans les deux vilayets susnommés. Dans les vilayets de Sivas, Kharpout et Diarbékir les membres des conseils généraux seront dès à présent élus sur la base du principe de la proportionnalité. A cet effet jusqu'au recensement définitif le nombre des électeurs musulmans restera déterminé d'après les listes ayant servi de base aux dernières élections et le nombre des non-musulmans sera fixé d'après les listes qui seront présentées par leurs communautés. Si, cependant, des difficultés matérielles rendaient ce système électoral provisoire impraticable, les inspecteurs généraux auront le droit de proposer pour la répartition des sièges aux conseils généraux des trois vilayets Sivas, Kharpout et Diarbékir une autre proportion plus conforme aux besoins et aux conditions actuelles desdits vilayets.

Dans tous les vilayets où les conseils généraux seront élus sur la base du principe de la proportionnalité la minorité sera représentée dans les comités ("endjoumen").

Les membres élus aux conseils administratifs seront comme par le passé par moitié musulmans et non-musulmans.

A moins que les inspecteurs généraux n'y voient d'inconvénient, le principe d'égalité entre musulmans et non-musulmans sera appliqué pour le recrutement de la police et de la gendarmerie dans les deux secteurs, à mesure que les postes deviendraient vacants. Le même principe d'égalité sera appliqué autant que possible pour la répartition de toutes les autres fonctions publiques dans les deux secteurs.

[7068] No. 138.

Minute by Mr. Ashley.—(Communicated by Board of Trade, February 16.)

HERR EMIL STAUSS came to see me at Gwydyr House yesterday, and we had some conversation on the subject of the Mesopotamian oil concession.

Herr Stauss intimated that the Deutsche Bank are ready, so far as concerns themselves, to agree definitely to the proposals that there shall be, for the Mesopotamian concession, (1) an exploration company, for which the capital shall be provided by the groups concerned, and (2) an exploitation company, for which the capital should be raised in the open market. He pointed out, however, that it might be unnecessary to form two companies, but in any event the principles indicated above as to the mode of raising capital would be adopted.

As regards the chairmanship, Herr Stauss repeated what he had said formerl

namely, that the chairmanship would naturally go in the first instance to a nominee of the D'Arcy group, as representing the largest interest, and that so long as the business of the company were satisfactorily conducted there could be practically no doubt that the same chairman (especially if he were a person of standing) would be re-elected; this was desirable from the point of view of continuity of policy. Herr Stauss thought, however, that the chairman should be elected annually, which is the practice in the case of the principal German oil companies. I pointed out that the chairmanship was even more important in the period of exploitation than in that of exploration. Herr Stauss said that he would be willing to agree that the chairman in the first year of both companies, or in the first years of exploration and exploitation respectively (in the event of there being only one company), should be nominated by the D'Arcy group, and his remarks as to re-election applied equally to both cases; but he did not at present see his way to agree formally to the proposal that the first chairman should hold office for a period of several years. I asked him, however, to bear the matter in mind further, as an agreement to the effect suggested would greatly facilitate a settlement.

Leaving this question, and assuming that an agreement between the D'Arcy group and the Deutsche Bank could be attained, we discussed the procedure to be adopted. I said that there appeared to be two possible courses: (1) the D'Arcy group to be substituted for the National Bank of Turkey in the Turkish Petroleum Company, and (2) the D'Arcy group and the Turkish Petroleum Company to combine to form a new company, in which each would have 50 per cent.; the National Bank would then, or previously, transfer its holding in the Turkish Petroleum Company to the Deutsche Bank and Anglo-Saxon Company in equal moieties. I added that in view of the position of M. Gulbenkian, his desire to remain interested in the concession, and his contention that the National Bank could not legally transfer his shares without his consent, the first of the two alternatives set out above seemed impracticable; and we were therefore driven back on the second alternative. Herr Stauss agreed that the first course is clearly impossible, and in his opinion it is necessary, in order to clear the way, that either M. Gulbenkian's interest be eliminated, or that the Turkish Petroleum Company be wound up. Herr Stauss explained that the Deutsche Bank only learned a few weeks ago of this sub-participation of M. Gulbenkian, otherwise, in his opinion, they never would have joined the Turkish Petroleum Company.

Seeing that M. Gulbenkian, in all questions concerning oil companies, is intimately connected with the Royal Dutch-Shell interests, his participation practically resulted in the Royal Dutch-Shell interests having the biggest share in the Turkish Petroleum Company, which was contrary to the spirit of the foundation of that company. Herr Stauss further stated his personal opinion that if the National Bank of Turkey should not be able to come to a settlement with M. Gulbenkian, the Deutsche Bank would prefer a full liquidation of the Turkish Petroleum Company and a restoration of the *status quo*, which practically would lead to their dissociation from both the National Bank of Turkey and the Shell interests.

The first step was, however, to settle the question of the Turkish Petroleum Company. Herr Stauss was accordingly disposed to suggest to his friends in Berlin on his return that a letter should be addressed to Sir H. Babington Smith to the effect that as the British, German, and Turkish Governments are very desirous of seeing a settlement reached speedily, and seeing that the National Bank found themselves in such a complicated situation with M. Gulbenkian, the Deutsche Bank feel entitled to ask that the National Bank shall either make such arrangements as will eliminate M. Gulbenkian's interest and enable a clear offer of 50 per cent. in the Turkish Petroleum Company to be made to the D'Arcy group, or co-operate with the Deutsche Bank in bringing about the winding-up of the Turkish Petroleum Company and the restoration of the *status quo*. In the former case the D'Arcy group would simply enter the Turkish Petroleum Company with a clear 50 per cent. interest; if the latter alternative be adopted the field would be clear for the formation of a new combination, which might be 50 per cent. Deutsche Bank and 50 per cent. D'Arcy group, or 50 per cent. D'Arcy group, 25 per cent. Deutsche Bank, and 25 per cent. Anglo-Saxon Company, as may prove practicable and expedient. Herr Stauss was of opinion that such a communication to the National Bank might prepare a speedy settlement; it would, however, probably be viewed with disfavour by M. Deterding, if he attaches importance to the maintenance of M. Gulbenkian's position.

I have again seen Herr Stauss this morning, and pointed out that it is not possible for His Britannic Majesty's Government to express any opinion as to the course to be taken in this particular matter, which is primarily an internal concern of the Turkish

Petroleum Company. The discussions which we have had with the National Bank have been based throughout on the assumption that the D'Arcy group could be admitted to an absolutely clear 50 per cent. interest in the Turkish Petroleum Company, and/or the Mesopotamian concession. Such a participation is a fundamental condition of any settlement acceptable to His Britannic Majesty's Government; and if the internal arrangements of the Turkish Petroleum Company present any obstacle to such settlement, it is for the parties to that company to remove them.

This is an agreed record of our conversations.

P. A.

February 14, 1914.

[7069] No. 139.

Minute by Mr. Ashley.—(Communicated by Board of Trade, February 16.)

I WAS present yesterday afternoon at an interview between Mr. Parker and Hakki Pasha, at which the question of the oil monopoly was discussed.

Hakki Pasha showed us a telegram which he had received from his Government, in which the Turkish Government stated that they attached very great importance to oil-fuel being included within the scope of the proposed monopoly, though they expressed their readiness to take into consideration the requirements of industry and transport in this respect.

We pointed out that His Majesty's Government equally attached great importance to the exclusion of oil-fuel. Hakki Pasha said that he quite appreciated the grounds of our objection, but that he was in a position of considerable difficulty. He thought, however, that if we would agree to the formal inclusion of fuel oil in the monopoly he could induce his Government to accept a proviso excluding from its scope oil-fuel for industry and transport, and he promised to suggest a formula for that purpose. But we said that we were not in a position to give any indication of the reception which would be given to such a proposal; we could promise only that it would be carefully considered.

We then discussed the question of the safeguarding the interest of oil companies producing within the Turkish Empire, and in particular put forward the suggestion that the Anglo-Persian group should be given a substantial interest in the monopoly company if and when established. Hakki Pasha said that he could not in the least foretell the form which the Régie, if established, would take, and that consequently he did not see how any undertaking could be given to the Anglo-Persian group. He thought, however, that the monopoly would probably be granted to a company which would raise its capital by an issue of shares, and that it would be perfectly open to the Anglo-Persian group to take up any proportion of those shares that they agreed to subscribe for.

We then referred to the question of the scope of the monopoly, and Hakki Pasha said that a monopoly of production (outside any regions that might be specially allocated to concessionnaires in the convention now under discussion) was not contemplated by the Turkish Government.

Mr. Parker and I said that it was clearly necessary for the position to be carefully considered in the light of the desire of the Turkish Government to include oil-fuel and of the explanations which Hakki Pasha had given, and the further discussion of the matter was accordingly postponed.

I have had some conversation since with Herr Stauss, who says that he does not regard the establishment of a monopoly as likely to have any harmful effect on operations of any company which may be formed for Mesopotamia. He thinks that they would naturally, so far as they wished to sell in Turkey, supply the monopoly company, and that, if the Mesopotamian area should prove as prolific as is expected, the local market would be of quite small importance to it.

P. A.

[7080] No. 140.

Sir L. Mallet to Sir Edward Grey.—(Received February 16.)

(No. 109.)
(Telegraphic.) R. *Constantinople, February 16, 1914.*

MY telegram No. 103 of 14th February.

I understand that junction of Smyrna–Kassaba line with Anatolian Railway is not of much advantage to Kassaba, as Germans do not wish to encourage traffic with Smyrna under existing circumstances.

I am not sure of advantages which junction with Anatolian system would confer on Smyrna–Aidin Railway. It has been suggested to me that if the Smyrna–Aidin Railway were linked up with Anatolian Railway it might put Germans in the position to dictate terms to former railway, who would be line to suffer because they have no kilometric guarantee like Smyrna–Kassaba line. I would suggest that these questions be thoroughly discussed with Barfield.

Idea has been put before me in a general way that the region between the Anatolian Railway and the sea might be kept for Anglo-French enterprise, and that co-operation might possibly be arranged between the two companies.

[6100] No. 141.

Sir Edward Grey to Sir L. Mallet.

(No. 80.)
Sir, *Foreign Office, February 16, 1914.*

THE Turkish Ambassador made further enquiries of Sir Arthur Nicolson on the 7th instant in regard to the Ægean islands, and was informed that a verbal reply, which had been received on the 6th February from the Triple Alliance, would be communicated to the French and Russian Governments in order to ascertain their views.

His Highness then asked whether Italy had made any recent communication in regard to her evacuation of the Dodekanese. Sir A. Nicolson replied that while the Italian Government frequently gave general assurances that they had no intention of retaining any of the islands, he believed they wished to secure a concession before doing so.

Tewfik Pasha said that Turkey would not object to granting a concession if it did not injure the rights of third parties.

Sir A. Nicolson observed that the discussions between M. Nogara and the Smyrna–Aidin Railway Company were, he believed, making good progress, and if these discussions led to a satisfactory conclusion it would be all to the good.

The Turkish Ambassador went on to say that Italy was also always asserting that Turkish officers were passing into Tripoli through Egypt. The Turkish Government were unaware of any such movements, and if there were any Turkish officers in Cyrenaica or Tripoli they were there on their own responsibility, and would be struck off the rolls of the Turkish army.

To this Sir A. Nicolson replied that, though it was impossible to assert positively that no individuals had passed into Tripoli, yet, when enquiries had been made in Egypt in consequence of Italian complaints on that head, it had always been found that the information supplied to the Italian Government was not accurate.

In conclusion Tewfik Pasha said that the Roumanian Prime Minister had offered his good offices during M. Venizelos' approaching visit to Bucharest to endeavour to arrange an understanding between Turkey and Greece on the islands question, and his Highness asked if His Majesty's Government would have any objection were Turkey and Greece to come to a direct agreement. He was assured that His Majesty's Government would have no objection whatever to such an arrangement.

I am, &c.
E. GREY.

[7224] No. 142.

Sir H. Babington Smith to Foreign Office.—(Received February 17.)

Sir, *50, Cornhill, London, February 16, 1914.*

I BEG leave to refer to correspondence which has passed on the subject of certain Treasury bills issued by the Turkish Government in 1912 under a contract in which the National Bank of Turkey and the Bank of Salonica were jointly interested, and, in particular, to the letter of the 26th June, 1913, in which you were good enough to transmit to us information regarding the custom-house receipts which are assigned as security for these bills.

The bills still remain unpaid. With the exception of the sum of £T. 75,000 mentioned in our letter of the 18th February, 1913, the only sums received have been eleven instalments of 10,800*l.*, which about suffice to meet the charge for interest accruing on the bills. Six months' interest at the legal rate (9 per cent.) was paid in September last, and we shall probably be in a position to pay the six months' interest due in March.

As Sir Edward Grey is aware, the receipts of the customs of the districts of Salonica, Smyrna, Adrianople, Broussa, and Beirout are assigned for the payment of these bills so soon as the receipts from these custom-houses have reached the amount (£T. 642,000 in each year) necessary to satisfy prior obligations.

We have repeatedly endeavoured to obtain information from the Ottoman Ministry of Finance as to the receipts of these custom-houses, but, in spite of frequent promises, the information has not been given to us. We have some reason to think that the receipts for the current financial year should now have reached and exceeded the amount required for the prior charges, but, in order that we may be on firm ground in pressing our claim to these receipts, we should be grateful if His Majesty's Ambassador at Constantinople could assist us by obtaining an accurate statement of the amount received in the current year up to the present time.

We would respectfully ask also that, in any discussions which may take place with reference to the proposed Turkish loan, it may not be overlooked that in the contract relating to these Treasury bills the Ottoman Government engages that they will be repaid from the proceeds of the first loan which it contracts, with certain specified exceptions.

I am, &c.
H. BABINGTON SMITH.

[7278] No. 143.

M. Nogara to Mr. Slaughter.—(Communicated by Mr. Slaughter, February 17.)

Savoy Hotel, Strand, London,
Dear Sir, *February 16, 1914.*

I AM in receipt of your favour of the 15th instant and of to-day's date, and send you herewith my best wishes for a speedy recovery.

As I am leaving for Paris to-night, I am very sorry not to be able to give you verbally all the necessary explanations about the contents of my letter, and to receive your appreciation as to the time which will be required by the procedure upon which the directors of the company thought it necessary to insist. I do not know yet whether I shall be able to come over to London again for the final settlement, and therefore I think it advisable to insist herewith once more upon my point of view, thus giving also an explanation of my short Saturday's letter.

I shall divide my railway scheme into three (not four) main branches, viz. :—

Western Section.

1. Makri–Mougla and Makri–Sibris Valley.

Eastern Section.

2. Adalia–Istavros and further to the east.
3. Adalia–Kizilkaia–Istanos–Elmaly, with a short branch from Kizilkaia to Foulla.

1. I cannot separate the arrangements with the company into two sets, viz., one for the western section of the railways (Makri) and the other for the eastern section (Adalia). Any restriction whatsoever to the development of the western section (outside your company's protection zone of 40 kilom.) cannot reasonably be considered and accepted if an arrangement has not been arrived at for the eastern section.

2. I do not see how a discussion could arise as to the proposed line eastwards from Adalia.

3. The only point on which the company can reasonably ask for an agreement is the one concerning the line from Adalia northwards to Kizilkaia and Foulla, which cannot be modified because, owing to the configuration of the ground, a line from Adalia to Istanos must reasonably go through Kizilkaia. But the advantages which I am willing to grant to your company in this connection are of such importance that I cannot help being surprised at the dilatory policy of the company.

I do not think the company gets any traffic from that country which the line from Adalia northwards is crossing, but whatever slight traffic that might be derived from the Burdur district by the new line Adalia-Kizilkaia-Foulla would be largely compensated by the commercial activity which will arise between the northern and southern districts through the construction of the new railway.

Under the present circumstances I have been obliged to instruct my company not to delay any longer its application for the new concessions, and to commence the discussion for an arrangement with the Imperial Ottoman Government upon all points except the one concerning the line Adalia northwards. In the meantime I expect that the company will definitely come to an arrangement suitable to all the parties concerned on the basis of my memorandum.

I would esteem it a personal favour if you would be good enough to inform me, at your earliest convenience, as to the further course of this affair, in order to enable me to make eventually arrangements in accordance.

My address in Paris will be Hotel Crillon, 1, Place de la Concorde, and I shall let you know any further change.

With kindest regards,

Believe me, &c.
NOGARA.

[7282] No. 144.

Mr. Corbett (for Mr. Slaughter) to Mr. Parker.—(Received February 17.)

18, *Austin Friars, London,*
February 17, 1914.

Dear Mr. Parker,

OTTOMAN Railway from Smyrna to Aidin.

Herewith is a copy of a letter I have just sent to Hakki Pasha.

Yours very truly,
ADRIAN CORBETT.

Enclosure 1 in No. 144.

Communicated to Mr. Slaughter by Hakki Pasha, February 11, 1914.

LES frais d'exploitation annuels seront arrêtés à forfait à raison de 45 pour cent de la recette brute annuelle.

Le surplus de la recette brute constituera la recette nette annuelle.

La recette nette de chaque année sera abandonnée à la compagnie jusqu'à concurrence d'une somme égale à 6 pour cent de la partie du capital de rachat non encore amortie jusqu'au 31 décembre de l'année considérée.

Si la recette nette d'une année est inférieure à 6 pour cent de la partie du capital de rachat non encore amortie, la compagnie n'aura de ce chef rien à réclamer du Gouvernement ottoman, mais la différence sera inscrite à un compte spécial intitulé "Compte d'attente de la compagnie," qui ne portera pas intérêts, mais qui sera réglé comme il est dit ci-après :

Si, au contraire, la recette nette d'une année est supérieure à 6 pour cent de la partie du capital de rachat non encore amortie au 31 décembre de cette année, le surplus servira avant tout à régler le "Compte d'attente de la compagnie."

Une fois ce compte apuré en entier, la recette nette annuelle sera—jusqu'à due concurrence—affectée à l'amortissement du capital de rachat.

Une fois le capital de rachat amorti en entier, la recette nette sera partagée à raison de deux tiers au Gouvernement ottoman et de un tiers à la compagnie.

Si à l'expiration de la concession le capital de rachat n'est pas encore amorti en entier, le Gouvernement ottoman versera à la compagnie une somme égale à la partie de ce capital non encore amortie.

Le Gouvernement n'aura toutefois rien à payer du chef du Compte d'attente, dans le cas où ce dernier n'aurait pas été apuré en entier à l'expiration de la concession.

Enclosure 2 in No. 144.

Communicated to Mr. Slaughter by Hakki Pasha, February 13, 1914.

1. *PROLONGATION de la Concession.*—En conformité du nouvel arrangement dont copie est déjà remise.

2. *Extension :*

(a.) *De Caracouyou à Sandikli.* Peut être accordée immédiatement.
(b.) *Jonction avec Anatolie.*
(c.) *Ligne entre Eghirdir et Beychéhir.*
Ne peuvent être accordées qu'à la condition que la Compagnie d'Anatolie retire ses objections et ne mette pas de conditions onéreuses pour le Gouvernement Impérial.

3. *Navigation dans les Deux Lacs.*—Peut être accordée aux conditions suivantes :

(*a.*) Anatolie doit retirer ses objections ;
(*b.*) Bateaux sous pavillon ottoman et soumis aux lois ottomanes ;
(*c.*) Pas de monopole.

4. *Exemptions douanières demandées.*—Acceptables.

5. *Zone de* 40 *kilom. pour les nouvelles Lignes.*—Pas acceptable ; impossible à appliquer en cas de jonction.

6. *Délai de Construction.*—Délais pour le commencement et achèvement de construction doivent être fixés pour les lignes à accorder nouvellement, aussi bien que la ligne de Bourdour déjà concédée.

7. La société devra construire une nouvelle ligne d'un point de la ligne d'Aïdin à Merméris par Mougla. Cette ligne sera concédée en addition à celles demandées.

8. *Ligne de Bourdour vers Adalia.*—L'article y relatif de la dernière convention à être maintenu, sous la condition que la société construira elle-même cette ligne dans le délai maximum de quatre années. Les deux sandjaks de Mentéché et d'Antalia ne peuvent pas être continuellement privées de lignes ferrées.

9. *Refonte des Conventions.*—Les onze conventions existant seront refondues en une seule. Ce principe admis, on négociera à Constantinople la nouvelle convention ; elle devra contenir les clauses spéciales aux sociétés anonymes ottomanes. Le Gouvernement Impérial s'engage à ne poser aucune demande spéciale pour cette convention, qui ne contiendra que les articles en vigueur de celles précédentes et les arrangements faits à Londres.

10. L'article 26 du Cahier des Charges de Bagdad sera inséré dans la nouvelle convention.

11. Le tarif maximum sera réduit à la proportion du tarif maximum de l'Anatolie.

Enclosure 3 in No. 144.

Mr. Slaughter to Hakki Pasha.

Your Highness, *February* 17, 1914.

RE Ottoman Railway Company.

The two memoranda which you handed to me on the 11th and 13th instant respectively have now been considered by the board of the above company.

Referring to the memorandum which you handed to me at the Foreign Office on the 11th instant, the board instruct me to inform you that, while they are in general

agreement with the memorandum as a whole, they are unable to accept the suggestion that the annual working costs shall be fixed at 45 per cent. of the gross annual receipts.

Apart altogether from the fact that the working costs have often in past years exceeded this percentage, the board do not feel that it is possible in practice to bind the company down to a fixed percentage for the rest of the term of the company's concessions. The board submit that the only equitable arrangement is to take the actual net receipts of every year when ascertained, and then to divide them in the manner mentioned in your Highness's memorandum.

In this connection, as well as in connection with your proposal No. 9 (the remodelling of the concessions), it occurs to me to suggest, as a way of avoiding considerable complication and difficulties, that it would be well to provide that the amount to be repaid to the company at the end of the concession shall be the par value of :—

(*a.*) The debenture stocks of the company ;
(*b.*) The preference and ordinary stock of the company now existing ; and
(*c.*) The amount of any further issues of either debentures, debenture stock, or share capital approved by your Government.

From these would be deducted—

(*d.*) The company's reserve fund ; and
(*e.*) Cash in hand.

In effect, the amount of (*a*) and (*b*) is 4,581,247*l*., and the amount payable by your Government at the end of the concession is 4,203,900*l*., so that there is practically no difference. The items (*d*) and (*e*) now amount to 100,000*l*. and 42,000*l*., and if to these are added the cost of the pier and warehouses at Smyrna, 158,000*l*., you have a total of 300,000*l*. to add to the 4,203,900*l*., making it 4,503,900*l*. as compared with 4,581,247*l*.

Referring to the memorandum which your Highness sent to me on the 13th instant, I am instructed to inform you that the memorandum has been considered by the board, who have to offer the following remarks upon it :—

1. *Prolongation of Concession.*

The board note that the prolongation is accepted.

2. *Extension of existing Line.*

(*a.*) *Karakouyou to Sandikli.*

The board note that this extension is granted.

(*b.*) *Junction with Anatolian Railway.*
(*c.*) *Line between Lake Eghirdir and Beyshehr.*

The board note that these concessions will be granted if the Anatolian Company withdraws its objections and does not impose onerous conditions on the Imperial Ottoman Government.

The board are at the moment engaged in negotiations with the Anatolian Company with a view to coming to an amicable agreement with them, and the board are of course quite ready to admit that no junction can be made with the Anatolian Railway without that company's consent. The board, however, cannot accept the principle that the Anatolian Company is entitled to object to the proposed new line from Lake Eghirdir to Lake Beyshehr, or that the granting of the concession for this line must be dependent upon the acquiescence of the Anatolian Railway. The Anatolian Company has no defined zone of influence and the board do not admit that the proposed line would in any way prejudice the Anatolian Company or infringe their rights.

3. *Navigation of the Two Lakes.*

The above remarks as to the Anatolian Company apply also to the navigation of Lake Beyshehr. The board understand that no objection is offered by the Anatolian Company to the navigation of Lake Eghirdir.

4. *Customs Exemptions.*

The board note that this exemption is granted.

5. *40 kilom. Zone for the new Lines.*

The board note that this zone is not acceptable. The board do not, of course, wish the zone to include existing lines, but they submit that they are entitled to the same zone for any new lines as they enjoy for their existing lines. It is, the board submit, unreasonable to ask a railway company which has no guarantee to construct new lines without safeguards against future competition.

6. *Period of Construction.*

This is acceptable in principle, but the periods must be of substantial length, and it must be clearly stipulated that if the company is unable to build the lines within the required period or any extension thereof granted by the Imperial Ottoman Government, that only the concession relating to the particular section of line involved shall be forfeited, and that the company's other concessions shall remain unaffected.

7. *New Line to Mermeris.*

This proposal is entirely new, and is not acceptable to the board. They have never considered the question of the construction of this line, nor can they agree to the proposal.

8. *Line from Bourdour to Adalia.*

The board cannot accept any obligation to construct this line. The matter has been under the board's consideration, but, as at present advised, unless the Ottoman Government were to offer adequate guarantees, the project appears impracticable, as the expenditure involved would be out of all proportion to the amount of traffic available.

9. *Remodelling of the Conventions.*

This is acceptable in principle, subject to its being clearly understood that no new terms of any kind are to be imposed. The company submit, however, that the form of the new convention should be settled in London.

10. *Article 26 of the "Cahier des Charges" of the Bagdad Railway.*

This is acceptable in principle.

11. *Reduction of Maximum Tariff.*

The company has not had an opportunity of considering this question with its general manager, but it is agreeable in principle to the proposed reduction.

I am, &c.
W. CAPEL SLAUGHTER.

[7285] No. 145.

Sir L. Mallet to Sir Edward Grey.—(Received February 17.)

(No. 110.)
(Telegraphic.) *Constantinople, February 17, 1914.*

THE Minister of the Interior came to see me to-day and I had the opportunity of mentioning the Bulgarian Minister's conversation reported in my telegram No. 104 of 15th February, and said that he feared Turkish designs on Western Thrace. The Minister of the Interior assured me in most formal manner that they had no idea whatever of reoccupying Western Thrace. They were keeping troops in Europe because they could not send them to eastern vilayets, where they belonged, until the winter was over. I enquired Minister of War's views. He replied that it was the Minister of War who warned them that they must not think of war, as he wanted some years to reorganise the army. He was entirely opposed to any adventures in Western Thrace, on which all the Ministers were agreed.

I asked if I might so inform you, and he begged me to do so and to reassure you entirely as to pacific intentions of Turkish Government.

The question of Pomaks had been genuine grievance, but Bulgarians had met them in almost all cases. There were still one or two outstanding points which would, however, be arranged.

He enquired my view of their answer to the note, and said that the last paragraph perhaps required explanation. It only meant that they hoped to negotiate with Greece, and he begged that you would help this negotiation if possible when the time comes by recommending the Greek Government to be reasonable.

My impression is that Turks would accept a settlement which would save their face.

(Confidential.)

He told me that he was going to Bucharest to see M. Bratiano, and he hoped that Roumanian Government would help them to find a solution.

[7286] No. 146.

Sir L. Mallet to Sir Edward Grey.—(Received February 17.)

(No. 111.)
(Telegraphic.) R. *Constantinople, February 17, 1914.*

GRAND Vizier and Minister of Interior have asked me to find out unofficially whether His Majesty's Government would lend them an official to act as director-general of the inspectors of the vilayets. He would be attached to the Ministry of the Interior, and would advise on all questions of administration of all the vilayets.

I replied that I would refer the request to you.

I would recommend compliance. I do not think that Russia could reasonably object to such an appointment.

Turkish Government attach much importance to your consent, and they will not apply officially until they have your reply.

[7327] No. 147.

Sir Edward Grey to Sir G. Buchanan.

(No. 91.)
(Telegraphic.) R. *Foreign Office, February 17, 1914.*

MR. O'BEIRNE'S telegram No. 402 of 4th December: Shatt-el-Arab Riverain Commission.

Please inform Minister for Foreign Affairs that I considered it prudent to consult Turkish Government about texts suggested, as it is important to avoid conflicting interpretations in practice. They agree, subject to the following changes, which do not alter the sense of documents, but only make them more precise:—

Article 1.—After word "assister" insert "au sein de la Commission."

Article 2.—After "amendes" insert "imposées à des sujets russes par la Commission ainsi que leur détention, à la suite des jugements de ladite Commission ait lieu, le cas échéant, dans le consulat."

And, in last sentence of second document, delete words "le tribunal de."

I hope that the Russian Government will agree to exchange communications, which might be termed declarations, as soon as possible.

[7429] No. 148.

Sir L. Mallet to Sir Edward Grey.—(Received February 19.)

(No. 93.) *Constantinople, February 15, 1914.*

Sir,

WITH reference to your telegram No. 89 of the 12th instant, and to my telegram No. 103 of yesterday's date, I have the honour to enclose herein a memorandum relative to the gross receipts of the Eskishehr–Konia section line in the past ten years.

I have, &c.
LOUIS MALLET.

Enclosure in No. 146.

Memorandum respecting Eskishehr–Konia Railway Section.

LENGTH 445 kilom., 443 metres.

Kilomètric guarantees £ T. 604 or 13,727 fr. 27 c,

Maximum amount of guarantee the Government has engaged to pay, £ T. 296·31 or 6,734 fr. 30 c.

Gross Receipts.

	Fr.		Fr.	
1900	1,850,978	about	4,159	per kilom.
1901	2,423,025	„	5,434	„
1902	3,001,172	„	6,737	„
1903	2,200,622	„	4,940	„
1904	2,942,217	„	6,602	„
1905	3,269,133	„	7,339	„
1906	2,742,200	„	6,156	„
1907	3,106,783	„	6,981	„
1908	2,590,920	„	5,816	„
1909	2,079,635	„	4,673	„
1910	3,690,201	„	8,292	„
1911	5,058,097	„	11,366	„

[7420] No. 149.

M. de Fleuriau to Mr. Parker.—(Received February 19.)

Ambassade de France, Londres,
Cher Mr. Parker, *le 18 février, 1914.*

AINSI que je vous l'ai dit ce matin, je ne possède pas encore le texte définitif de l'arrangement de Berlin et, faute de carte approuvée par les signataires, je ne suis pas tout à fait certain de certains points. Mais je crois pouvoir vous donner, à titre personnel, les indications suivantes, qui vous seront utiles et préciseront notre conversation d'aujourd'hui.

Pour les lignes de la mer Noire, je me contente de vous indiquer les points de raccordement prévus entre les réseaux français et allemand:

A l'ouest, Bolou;
Au sud, Sivas;
A l'est, Arghana Maden.

Pour les lignes de Syrie et de Bagdad, la position est fixée:

Par la jonction des réseaux à Alep,
Et par leur accès à la mer à Alexendrette (Bagdad) et à Tripoli de Syrie (Damas–Homs).

Le groupe allemand déclare qu'il a l'intention de construire éventuellement une ligne qui, d'Alexandrette à Alep, se joindra par Meskéné à un point quelconque du réseau de Bagdad en Mésopotamie.

Le groupe français déclare qu'il a l'intention de construire éventuellement une ligne, par Homs, de Tripoli à Déir-es-Zor sur l'Euphrates, où cette ligne se raccorderait avec le réseau de Bagdad.

Une zone de protection est établie sur 60 kilom. de largeur:

1. Au sud de la ligne Alexandrette, Alep, Meskéné et prolongements (*b*, *c*, *m*, *n* du schéma ci-joint);
2. Au nord de la ligne Tripoli–Homs–Déir-es-Zor (*d*, *e*, *o*, *n* du schéma);
3. De chaque côté de l'axe de la voie existante Homs–Alep (ce, *m*, *o*, *p* du schéma).

A la jonction des deux réseaux, où elles viennent en contact, ces zones de protection sont délimitées par une ligne droite tirée du point de jonction des voies ferrées à Alep au point d'intersection des limites extérieures des deux zones.

(Faute de la carte schématique jointe à l'arrangement, je ne m'explique pas bien cette délimitation de zones. Le schéma ci-joint est fait grosso-modo à l'échelle du Stider, 1913.

Pour la partie de l'ouest, pas de difficultés, *b* et *d* étant supposés à la côte, les zones sont limitées par *b*, *c* Alep (allemand), Alep *c*, *e*, *d* (français).

Mais, à l'est, la zone allemande rencontre d'abord la zone est de la ligne Homs–Bagdad en *m*, d'où une ligne Alep *m*, *o*, *n*.

La même zone allemande rencontre celle de Homs–Déir-es-Zor en *n*.

Je ne sais lequel des deux tracés Alep *m*, *o*, *n* ou Alep *p*, *n* a été adopté.

Je ne sais pas davantage comment a été établi le tracé vers l'est au delà de Meskéné.)

Les deux groupes allemand et français s'engagent :

A ne pas construire ni exploiter de voies ferrées dans la zone de protection des lignes de l'autre groupe ;

A ne pas rechercher la construction ou l'exploitation, la direction ou le contrôle d'aucune voie ferrée dans la zone d'action de l'autre groupe en tenant compte notamment des points de jonction ci-dessus indiqués (Bolou, Sivas, Arghana Maden, Alep, Déir-es-Zor) ;

A ne pas favoriser directement ou indirectement tout individu ou société, quelle qu'en soit la nationalité dont l'action irait à l'encontre de l'accord intervenu ;

A ne pas construire ni exploiter, sans accord préalable, d'embranchement aboutissant à la mer entre les zones de protection des lignes Alexandrette, Alep et Tripoli–Homs (*b* et *d* du schéma).

Je vous communiquerai la carte dès que je l'aurai reçue.

Votre très sincèrement dévoué,

A. DE FLEURIAU.

[7721]

No. 150.

Communicated confidentially by Herr von Kühlmann, February 19, 1914.

ENTRE la Banque Impériale ottomane, agissant tant en son nom propre que, dûment autorisée, au nom et pour le compte de la Société ottomane du Chemin de Fer de Damas–Hama et prolongements, et de la Société en formation pour la construction et l'exploitation du réseau de la Mer Noire, ces divers établissements étant désignés ci-après sous le nom de "groupe français," d'une part ; et la Deutsche Bank, agissant tant en son nom propre que, dûment autorisée, au nom et pour le compte de la Société du Chemin de Fer ottoman d'Anatolie et de la Société Impériale ottomane du Chemin de Fer de Bagdad, ces divers établissements étant désignés ci-après sous le nom de "groupe allemand," d'autre part ; il a été convenu et arrêté ce qui suit :

ARTICLE 1er.

Le groupe français expose qu'il poursuit actuellement auprès du Gouvernement Impérial ottoman la concession d'un réseau de chemin de fer homogène, dit de la Mer Noire, et comprenant notamment le tracé principal de Samsoun–Sivas–Karpout avec prolongements vers Arghana Maden, Bitlis et Van à l'est, vers Castamouni et Bolou à l'ouest, ainsi qu'un embranchement partant des environs de Soulou-Seraï et allant dans la direction de Yozgat jusqu'à la ligne de partage des eaux entre le Yéchil Irmak et le Kizil Irmak.

Le groupe allemand prend acte des déclarations du groupe français, et déclare, de son côté, son intention de poursuivre la concession des lignes destinées à relier les réseaux des Chemins de Fer d'Anatolie et de Bagdad à celui de la Mer Noire à Sivas, par Césarée, et à Arghana Maden par Diarbékir.

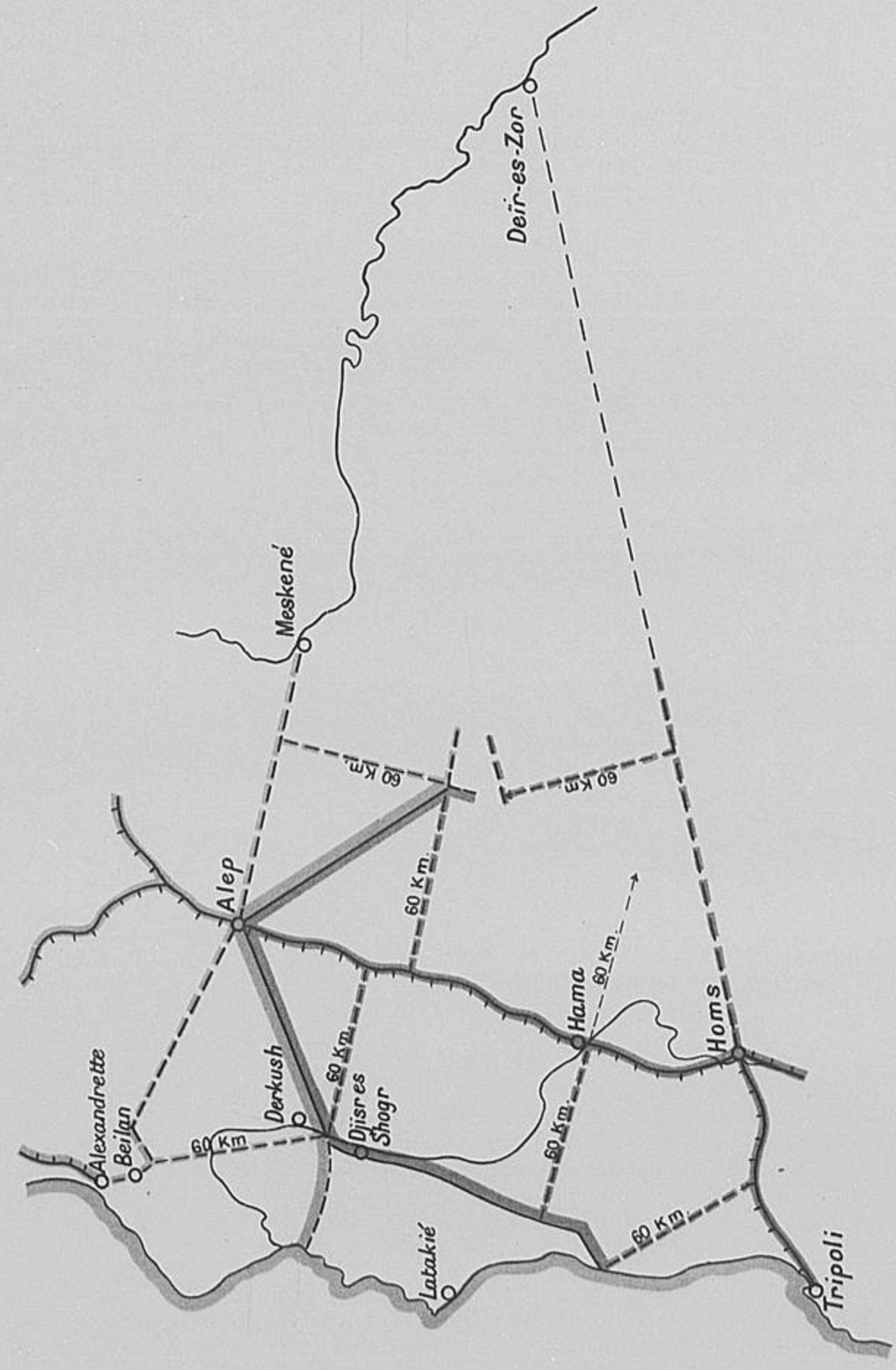
Le groupe français prend acte de ces déclarations.

ARTICLE 2.

En conséquence, les réseaux des deux groupes se raccorderont :

A l'ouest à Bolou, en gare du Chemin de Fer d'Anatolie ;
Au sud à Sivas, en gare du Chemin de Fer de la Mer Noire ;
A l'est à Arghana Maden, en gare du Chemin de Fer de Bagdad.

CARTE INDICATIVE DES ZONES DE PROTECTION DU D.H.P. ET DU BAGDAD EN SYRIÈ. *(Commd by French Minister. Feb: 27. 1914.)*



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Les conditions techniques de ces raccordements en gares communes, ainsi que les conditions précises auxquelles se fera le raccordement à Bolou, feront ultérieurement l'objet d'un accord équitable entre les Sociétés intéressées.

Les deux groupes s'entremettront pour que la construction et l'exploitation tant du port d'Héraclée que du ou des chemins de fer reliant Héraclée avec les réseaux ferrés de l'intérieur se fassent en tenant compte équitablement des intérêts industriels français et allemand dans le bassin d'Héraclée, ainsi que des intérêts des chemins de fer des deux groupes.

ARTICLE 3.

Les deux groupes constatent que la position respective des Sociétés du Chemin d[e] Fer de Damas–Hama et prolongements et du Chemin de Fer de Bagdad est aujourd'hui fixée par la jonction des réseaux de ces Compagnies à Alep, et par leur accès à la mer à Alexandrette pour le Bagdad, à Tripoli de Syrie pour le Damas–Hama et prolongements.

En vue de fortifier leur situation respective et de poursuivre le développement normal de leurs réseaux à l'abri de toute rivalité et concurrence, les deux groupes sont d'accord pour arrêter les dispositions suivantes (articles 4 à 6) :

ARTICLE 4.

Le groupe allemand déclare son intention de poursuivre éventuellement la concession d'une ligne destinée à relier directement Alexandrette à Alep et Alep par Meskéné à un point quelconque du réseau déjà concédé au Bagdad en Mésopotamie. Le groupe français prend acte de cette déclaration du groupe allemand et déclare, de son côte, son intention de poursuivre éventuellement la concession d'une ligne destinée à relier directement Tripoli de Syrie à l'Euphrate par un prolongement de Homs à Déir-es-Zor, où le réseau du Damas–Hama et prolongements se raccorderait à celui de Bagdad. Le group allemand prend acte de cette déclaration.

ARTICLE 5.

Les deux groupes reconnaissent aux lignes définies à l'article précédent une zone de protection de 60 kilom. au sud de la ligne Alexandrette–Alep–Meskéné et prolongement, une zone égale de protection au nord de la ligne Tripoli–Homs–Déir-es-Zor, ainsi qu'une zone de protection de 60 kilom. de chaque côté de l'axe de la voie de la ligne existante de Homs à Alep.

A la jonction des deux réseaux, où elles viennent en contact, ces zones de protection sont délimitées par une droite tirée du point de jonction des voies ferrées, à Alep, au point d'intersection des limites extérieures des deux zones, suivant les indications que les parties ont, d'un commun accord, portées sur la carte schématique annexée aux présentes.

Ces zones de protection étant exclusivement réservées à l'action du réseau dont elles dépendent, chacun des groupes s'engage à ne construire ni exploiter de voies ferrées dans la zone de protection des lignes de l'autre groupe.

ARTICLE 6.

Les deux groupes s'interdisent de construire et d'exploiter, sans accord préalable, tout nouvel embranchement aboutissant à la mer dans la zone libre comprise entre les limites extérieures des zones de protection des lignes Alexandrette–Alep et Tripoli–Homs.

ARTICLE 7.

Les raccordements ci-dessus définis entre les réseaux des deux groupes (articles 2, 3 et 4) sont les seuls dès maintenant prévus ; les jonctions nouvelles qui seraient décidées ultérieurement par le Gouvernement Impérial ottoman devront faire l'objet d'un accord préalable entre les deux groupes.

ARTICLE 8.

Pour compléter l'effet des stipulations qui précèdent en tant qu'elles tendent à la constitution de réseaux homogènes, les deux groupes se donnent mutuellement

l'assurance qu'ils ne rechercheront la construction ou l'exploitation d'aucune voie ferrée dans la zone d'action d'un réseau de l'autre groupe, en tenant compte, notamment, des points de jonction indiqués ci-dessus (articles 2, 3 et 4).

Les deux groupes s'interdisent, au même titre, de soutenir ou favoriser, soit directement, soit indirectement, tout individu ou Société quelle qu'en soit la nationalité, dont l'action irait à l'encontre des stipulations du présent accord.

Article 9.

Les questions de trafic intéressant les réseaux des deux groupes sont réglées par deux accords spéciaux intervenus entre les Sociétés intéressées et annexés aux présentes.

Article 10.

Les deux groupes s'étant communiqué le programme de construction de chemins de fer dont le Gouvernement Impérial ottoman projette l'exécution par leurs soins, reconnaissent la nécessité que ces travaux soient échelonnés de manière à tenir compte de la situation financière de la Turquie.

A cet effet ils expriment le vœu et, pour leur part, ils feront en sorte que l'exécution des chemins de fer dont la concession leur a été ou leur sera donnée et qui intéressent au même titre le développement économique de l'Empire, soit poursuivie, autant que possible, *pari passu*, chaque groupe faisant normalement appel dans la même mesure aux emprunts émis ou garantis par le Trésor ottoman.

Les deux groupes considèrent que l'intérêt de la Turquie lui commande, pour assurer son crédit et faciliter ses émissions nouvelles, de replacer les emprunts déjà créés dans la situation où ils se trouvaient avant la guerre balkanique. Au cas où la contribution assumée par les États balkaniques n'y suffirait pas pleinement, des garanties nouvelles équivalentes aux garanties disparues devraient être affectées à ces emprunts sous les réserves suivants.

Cette affectation ne serait poursuivie que dans la mesure utile, c'est-à-dire à concurrence seulement des sommes nécessaires au service des emprunts.

La nouvelle affectation n'aurait qu'un caractère temporaire ; elle deviendrait caduque lorsque, pendant trois années consécutives, les anciens gages auraient assuré, grâce aux plus-values, le service les emprunts.

D'une manière générale devraient faire retour au Trésor ottoman pour ses besoins généraux et demeurer à sa libre disposition tous excédents de gages affectés dont l'entreprise bénéficiaire n'aurait plus l'emploi.

Les deux groupes estiment enfin que leurs intérêts communs recommandent, en vue du maintien et de la consolidation du crédit de la Turquie, une coopération effective des différents marchés dans les emprunts de liquidation.

Article 11.

Tous accords et conventions quelconques intervenus entre les participants des deux groupes antérieurement à ce jour au sujet des questions réglées par les présentes sont expressément déclarés abrogés.

Article 12.

Le présent accord étant conclu de bonne foi, les deux groupes déclarent leur intention de soumettre à l'arbitrage le règlement des difficultés qui pourraient naître à l'occasion de son application.

Chaque groupe choisira un arbitre. Les arbitres désigneront au besoin un surarbitre pour les départager ; en cas de désaccord sur le choix du surarbitre, celui-ci sera désigné à la requête des parties par le Président du Tribunal fédéral de Lausanne.

Article 13.

Le présent accord sera communiqué pour approbation aux Gouvernements français et allemand.

CONFIDENTIAL.

SKETCH MAP

TO SHEW APPROXIMATELY

RAILWAYS AND RAILWAY PROJECTS AND NAVIGATION CONCESSIONS IN ASIATIC TURKEY.

NOTES ON THE MAP.

(The distances are approximate.)

The ANATOLIAN RAILWAY, including branches to Adabazar and Angora, has a total length of 650 miles.

The direct line from Scutari (opposite Constantinople) to Konia is 480 miles, viz.: Scutari to Eski Shehir, 200; and thence to Konia, 280.

From Afium Karahissar to Scutari the distance is 290 miles.

The SMYRNA-CASSABA RAILWAY works 370 miles.

From Afium Karahissar to Smyrna, viâ this line, the distance is 265 miles.

The SMYRNA-AIDIN RAILWAY works 380 miles.

From the present rail-head to Konia the distance by lake and rail would be 140 miles, and from Smyrna to the present rail-head near Lake Eghirdir the distance is 293 miles.

The MERSINA-ADANA RAILWAY works 42 miles.

The BAGHDAD RAILWAY is to run from Konia, viâ Adana, Mosul, and Baghdad to Basra.

The railway distance from Konia to Baghdad is roughly about 900 miles, and from Baghdad to Basra it is 350 miles, and from Mosul to Baghdad it is about 300 miles.

T.S., G.S. No. 2246.

SCALE 1/7,500,000 OR 1·014 INCHES TO 120 MILES

MILES 100 50 0 100 200 300 400 500 MILES

War Office, Jan., 1907.
Additions, March, 1911.
do do. 1914.

NOTE:- *The Turco-Persian frontier is only approximately shown.*

REFERENCE.

	GAUGE	
Railways under British management—	4'-8·5" (1 m. ·435)	
" " " " *(desired extensions)*		
Navigation Concessions under British management —		
Railways under French management—		
Smyrna—Karahissar	4'-8·5" (1 m. ·435)	
Rayak—Aleppo	" "	
Mudania—Brusa	3'-3·37" (1 metre)	
Beirut—Damascus	3'-5·34" (1 m. ·05)	
Damascus—Mezerib	" "	
Jaffa—Jerusalem	3'-3·37" (1 metre)	
French projects under agreements of 1914		
Railways under Anglo-Franco-German management	" "	

	GAUGE	
Baghdad Railway System	4'-8·5" (1 m. ·435)	
" " *(in projection)*	" "	
" " *Branches*	" "	
Anatolian Railway	" "	
Other German projects, 1914		
Turkish Railways (European)	" "	
" *"Hejaz" Railway*	3'-5·34" (1 m. ·05)	
Egyptian "State" Railways		
Russian Railways		
Italian Railway projects thus		

(62 4/14. 3050) F.F. VOL.

ARTICLE 14.

La ratification définitive du présent accord est liée :

1. A la conclusion de l'accord entre le groupe français et le Gouvernement Impérial ottoman au sujet des chemins de fer dont le groupe français poursuit la concession ;

2. A la conclusion de l'accord entre le groupe allemand et le Gouvernement Impérial ottoman au sujet des Chemins de Fer de Bagdad et d'Anatolie ;

3. A la conclusion de l'accord financier entre les deux groupes relatif à la liquidation de l'intérêt du groupe français dans l'entreprise du Chemin de Fer de Bagdad.

Fait en quadruple expédition.

Paraphé *ad referendum*.

Berlin, le 15 *février*, 1914.

v. R.
H.

C. S.
H. P
E. DE K.

Présents :

M. Sergent, Sous-Gouverneur de la Banque de France.
M. Ponsot, Consul de France.
M. de Klapka, Secrétaire général de la Banque Impériale ottomane.
M. de Rosenberg, Conseiller-Rapporteur au Département Impérial des Affaires Étrangères.
M. Helfferich, Directeur de la Deutsche Bank.

Annexe à l'Article 5.

Carte schématique

portant indication des zones de protection des voies ferrées du réseau du Damas–Hama et prolongements et du réseau du Bagdad dans le voisinage d'Alep.

D'après la carte de Kiepert au 1 : 400,000 ; feuille Adana, 1911, 3e édition ; feuille Alep, 1911, 2e édition.

N.B.—La ligne de démarcation des deux zones de protection—telle qu'elle résulte du tracé existant du Damas–Hama et prolongements et des lignes conventionnelles adoptées pour figurer le tracé direct d'Alexandrette à Alep et d'Alep à Meskéné—est représentée : à l'ouest d'Alep, par une droite qui traverse l'Oronte à mi-chemin environ entre Derkush et Djisr-es-Shoyr, le cours de l'Oronte se trouvant en amont de ce point dans la zone de protection du Damas–Hama et prolongements ; à l'est d'Alep par une droite établie d'après le même principe.

Les indications du présent schéma feront foi entre les parties.

No. 151.

[7582]

Sir G. Buchanan to Sir Edward Grey.—(*Received February* 19.)

(No. 55.)
(Telegraphic.) R.

St. Petersburgh, February 19, 1914.

Shatt-el-Arab Riverain Commission.

YOUR telegram No. 91 of 17th February :

Ministry for Foreign Affairs have no objections to the proposed changes.

They state, however, that, if communications exchanged are termed "declarations," they ought to be submitted to the Emperor, which would involve delay. They therefore suggest an exchange of notes.

May I address them note in French stating that I am authorised "to make the following declarations," and proceeding in terms of Mr. O'Beirne's telegram No. 402 of 2nd December, with alterations proposed by Turkish Government ?

[7286] No. 152.

Sir Edward Grey to Sir L. Mallet.

(No. 96.)
(Telegraphic.) *Foreign Office, February* 19, 1914.

YOUR telegram No. 111 of 17th February.

Before sending a reply as to proposed appointment of a Director-General, I should like to be furnished with more precise information as to his functions, and especially as to his official status in respect to the two foreign inspectors general of the Armenian vilayets. The latter are advisedly to be selected from minor Powers, and if the Director-General is to supervise them or in any way to control them, it is probable that the objections which weighed against employment of subjects of a Great Power in the lesser post would be even more strenuously urged in the case of a higher post. Moreover, in the project of Armenian reforms no provision was made for a functionary such as Director-General, and his appointment might be viewed as tending to curtail the wide and comprehensive powers which very properly have been granted to the inspectors-general.

In fact, to superimpose upon the scheme of Armenian reforms a Director-General chosen from a Great Power would upset the whole scheme and the agreement respecting it now arrived at between Turkey and the Powers.

But I desire not to refuse every demand of the Turkish Government, and if what they really want is an adviser to the Ministry of the Interior in a position analogous to that desired for the Ministry of Justice, I would do my best to meet their views.

[7582] No. 153.

Sir Edward Grey to Sir G. Buchanan.

(No. 99.)
(Telegraphic.) R. *Foreign Office, February* 19, 1914.

YOUR telegram No. 55 of 19th February: Shatt-el-Arab Riverain Commission.

If delay would not be more than three weeks I should much prefer formal declarations; otherwise you may proceed to exchange notes as proposed.

(Figures by post to Constantinople.)

[7045] No. 154.

Sir Edward Grey to Sir L. Mallet.

(No. 85.)
Sir, *Foreign Office, February* 19, 1914.

I TRANSMIT to your Excellency herewith a copy of the draft agreement (with annexed lists) for the settlement of pecuniary claims against Turkey, which has been drawn up by Mr. Malkin, in concert with Hakki Pasha, who has now referred to his Government for instructions.

I also transmit to your Excellency two minutes by Mr. Malkin dealing with certain points involved.

I shall be glad if your Excellency will furnish me with your detailed observations on these documents.

As regards payment of the amounts which may be awarded, I enclose a revised draft of the agreement about monopolies, &c., and would draw your attention to article 9, which is really inserted with a view of impressing upon Hakki Pasha that settlement of claims cannot be complete without payment of the amounts awarded. It has been pointed out to his Highness that His Majesty's Government would, in fact, be satisfied if, pending the determination of the amounts payable, the maximum sum claimed were deposited in a bank in the name of the arbitrator; the surplus, if any, would then eventually be returned to the Turkish Government, who would, by the adoption of the procedure suggested, be free to enforce the monopolies pending the actual settlement of the claims under examination.

Hakki Pasha has objected to this procedure, and suggests instead that a post-dated draft on the director of Ottoman Customs, negotiable he maintains at any bank, would equally serve the purpose in view.

I should be glad to receive your Excellency's observations on this suggestion after you have consulted Sir R. Crawford.

I am, &c.
E. GREY.

Enclosure 1 in No. 154.

Draft Articles respecting Pecuniary Claims.

1. THE pecuniary claims by companies, firms, or persons, the subjects of His Britannic Majesty, or enjoying his protection, against the Turkish Government, which are included in the Schedules to this Agreement, or shall be added to them in accordance with the provisions of Article 5 thereof, shall be referred to arbitration as hereinafter provided.

2. An Arbitral Tribunal consisting of three members shall be appointed in the following manner:—

His Britannic Majesty's Government and the Turkish Government each appoint an arbitrator. An umpire, who shall be a jurist of repute, and neither a British nor a Turkish subject, shall be selected by agreement between His Britannic Majesty's Government and the Turkish Government. In the event of the two Governments being unable to agree, Her Majesty the Queen of the Netherlands shall be requested to select the umpire.

Should any member of the Tribunal either die, retire, or be unable for any reason whatever to discharge his functions, the same procedure is followed for filling the vacancy as was followed for appointing him.

3. The Tribunal so constituted shall, subject to the provisions of Articles 6 and 7, examine and pass upon the claims contained in the Schedules to the present Agreement, and such further claims as may be added thereto by His Britannic Majesty's Government, in accordance with the provisions of Article 5 of the present Agreement.

4. The claims to be submitted to arbitration are grouped in the schedules attached to the present Agreement, in accordance with the following principles:—

(*a.*) Schedule (A) consists of claims, arising out of circumstances anterior to the 22nd July, 1908, in which the Turkish Government do not dispute their liability to pay compensation.

(*b.*) Schedule (B) consists of claims, arising out of circumstances anterior to the 22nd July, 1908,

in which the liability of the Turkish Government to pay compensation is in issue.

(*c.*) Schedule (C) consists of claims, arising out of circumstances between the 22nd July, 1908, and the date of the signature of this Agreement, in which the Turkish Government do not dispute their liability to pay compensation.

(*d.*) Schedule (D) consists of claims, arising out of circumstances between the 22nd July, 1908, and the date of the signature of this Agreement, in which the liability of the Turkish Government to pay compensation is in issue.

5. His Britannic Majesty's Government may, at any time within six months of the date of the signature of this Agreement, intimate to the Turkish Government their desire to add to the Schedules further claims arising out of circumstances anterior to the date of the signature of this Agreement.

The Turkish Government shall, with as little delay as possible, inform His Britannic Majesty's Government whether they do or do not dispute their liability to pay compensation in each of such claims. Such claims shall thereupon be added to the appropriate schedules, in accordance with the principles enunciated in Article 4 of this Agreement.

6. The functions of the Tribunal in connexion with claims in Schedules (A) and (C) are confined to deciding, in accordance with the principles enunciated in Article 8 of this Agreement, the amount of compensation to be paid in each case by the Turkish Government.

7. Claims in Schedules (B) and (D) shall be decided by the Tribunal in accordance with the following principles :—

(*a.*) Cases arising out of agreements or contracts between the claimants and the Turkish Government, or the exercise of proprietary rights, trade, or industry in the Ottoman Dominions, or any right, privilege, or pension enjoyed by the claimants, shall be decided in accordance with the special conditions of the agreement or contract, and with the provisions of Ottoman law, as applicable to British subjects, firms, or companies, or British protected persons, under the treaties existing between His Britannic Majesty and the Turkish Government. Should,

however, the Tribunal hold that, under the provisions of the said treaties or under the rules of International Law, such Ottoman law is not applicable to a particular case, but that the municipal law of some other country is applicable, the case shall be decided in accordance with the provisions of such municipal law.

(*b.*) In cases not falling within the operation of clause (*a*) of this Article, if the Tribunal holds that any treaty provision or established principle of International Law, is applicable to the claim in question, the case shall be decided in accordance with such provision or principle. In the absence of any such provision or principle, the case shall be decided in accordance with justice and equity.

8. The Tribunal shall, in deciding upon the amount of compensation to be awarded in each case, take into account all the circumstances of the case, and may, if it considers that the justice of the case requires it, include in its award interest at a rate not exceeding 4 per cent. per annum for the whole or any part of the period during which the claim has remained unsatisfied.

In such cases the interest shall run up to the date on which the amount awarded is paid by the Turkish Government to His Britannic Majesty's Government.

9. The decisions of the Tribunal, or of a majority of its members, shall be final and without appeal.

10. The proceedings of the Tribunal shall be in French, but documents relied on as evidence in connexion with any claim may be presented to the Tribunal in English.

11. The Tribunal shall meet at Constantinople at a date to be hereafter fixed by the two Governments, and may fix the time and place of subsequent meetings as may be convenient, subject always to special direction of the two Governments.

12. The remuneration of the members of the Tribunal shall be at the rate of per week for such time as the Tribunal shall be in session, together with their reasonable travelling expenses to and from Constantinople.

13. Each Government shall bear its own expenses, and one-half of the expenses of the Tribunal.

14. Each Government shall appoint an agent to represent it before the Tribunal.

15. The Tribunal is entitled to issue rules of procedure for the conduct of business, to decide the forms, order and time in which cases shall be presented, and to arrange all formalities required for dealing with the evidence.

Whenever the agents of the two Governments shall, prior to or during the progress of the proceedings, enter into an agreement in writing upon a rule or mode of procedure, such agreement shall have the force of an order of the Tribunal.

16. The sums awarded by the Tribunal in in each case shall be paid by the Turkish Government to His Britannic Majesty's Government within six months of the delivery of the award in the case in question.

17.—(*a.*) Claims which are submitted to the Tribunal and dismissed by it shall be considered as finally barred, and shall not be made the subject of further diplomatic representations by His Britannic Majesty's Government.

(*b.*) Claims arising out of circumstances anterior to the 22nd July, 1908, which are not submitted to the Tribunal, shall not in the future be made the subject of diplomatic representations by His Britannic Majesty's Government, but the claimants retain their right to institute proceedings against the Turkish Government before the competent tribunals.

(*c.*) Claims arising out of circumstances between the 22nd July, 1908, and the date of the signature of this Agreement, which are not submitted to the Tribunal, are in no way affected by the provisions of this Agreement, and the rights of the claimants remain unimpaired.

Enclosure 2 in No. 154.

List of British Pecuniary Claims against the Turkish Government, February 1914.

PART I.

BRITISH Pecuniary Claims forming part of the Turkish Floating Debt, *i.e.*, Claims prior to July 1908.

NOTE.—All the claims in Part I, except No. 20, were included in the memorandum communicated to Hakki Pasha on September 4, 1913.

No.	Name.	Approximate Amount in Sterling.	Remarks.
		£ s. d.	
1	Archdale	57 15 5	Balance due on pay-order for goods supplied to Turkish Admiralty.
2	Avramides	175 2 6	Arrears of pay and pension.
3	Bedrulislam	551 2 2	Arrears of salary.
4	Benghazi fire claims	5,000 0 0 (about)	Property of British subjects looted by Turkish soldiers during Benghazi fire in 1906. Indemnity claim.
5	Castel and Latta	3,184 8 10	For goods supplied to Peru municipal authorities.
6	Corpi	56,894 3 6	Judgment obtained for amount stated against Turkish Treasury.
7	Edwards (Long Island) claim ...	38,181 16 4	Claim for indemnity and purchase money owing to non-recognition of proprietorial rights.
8	El Katif Indians	118 1 4	Deposits made with customs authorities at El Katif about 1903.
9	Frenghian	17,653 12 4	Judgment obtained for amount of pay-orders issued by Mahsoussé S.S. Administration. Total amount of claim is considerably greater.
10	Henderson	3,863 2 0	Pay-orders issued by military authorities at Tripoli.
11	Hotchkiss	512 10 0	For goods supplied to Turkish warships. Pay-order held for amount stated.
12	Nelson, King, Alderson ...	1,150 0 0	Arrears of pay.
13	Nock Bey	100 0 0	„ „
14	Parmis	960 0 0	Arrears of pension.
15	Pilleau	71 12 9	„
16	Sandison	123 14 10	Arrears of pay and pension.
17	Sarell	28 3 4	Arrears of pension.
18	Swift	100 0 0	Judgment obtained against Turkish Treasury.

No.	Name.	Approximate Amount in Sterling.	Remarks.
		£ s. d.	
19	Top-Hané Engineers (Vinicombe, Atkinson, and Curtis)	330 9 10	Arrears of pay.
20	Tucker	628 16 2	For goods supplied to Admiralty and Mahanissé Administration.
21	Vella	39 7 6	Pay-orders issued.
22	Whittaker	2,348 12 6	Arrears of subsidy due to "Levant Herald" newspaper.

Part II.

British Pecuniary Claims subsequent to July 1908.

Note.—Claims marked thus † were included in the memorandum communicated to Hakki Pasha on September 23, 1913.

No.	Name.	Approximate Amount in Sterling.	Remarks.
†1	Abdul Ghani Mera estate ...	Small	Indemnity claim arising out of direct action of Turkish authorities.
		£ s. d.	
†2	Adana massacre	18,000 0 0	Claims never sifted nor submitted to Turkish Government.
3	Anglo-Syrian Trading Company	5,635 7 5	Bonds for amount stated received from Gendarmerie Department at Salonica.
4	„ „ „	1,011 0 0	Judgment obtained for amount stated for goods supplied to Ist Army Corps in Constantinople.
†5	Arms and ammunition ...	2,650 5 2	Losses caused by sudden prohibition of imports of arms in 1910.
6	British and Foreign Bible Society	10 0 0	Books lost when Sorovitch was destroyed in 1912 by Turkish troops
†7	Bugeya	36 0 0	Claim against municipality of Yenidje Vardar.
†8	Calleya	20,000 0 0	Judgment obtained against Ministry of Finance for amount stated.
9	Calvert	100 0 0	Damage caused to farm at Dardanelles.
†10	Canelly and Juda	300 0 0	Depredations committed in forests belonging to two British subjects.
†11	Cauchi	272 14 0	Failure of authorities to carry out terms of lease of property at Salonica. Government admitted full liability in 1912.
12	Churchill Bey	900 0 0	Compensation for discharge from gendarmerie.
13	Commercial Company of Salonica	856 0 0	Tobacco looted by Turkish troops.

No.	Name.	Approximate Amount in Sterling.	Remarks.
		£ s. d.	
14	Cordona	9 0 0	Damage to meadow used as camping ground by troops.
†15	Dadabhoy	15 0 0	Expenses incurred in connection with robbery of sacks of coffee.
16	Demetriadi...	Indeterminate	Damage to mill near Adrianople by Turkish soldiers.
		£ s. d.	
†17	Economic Co-operate Society ...	54 0 0	Horses requisitioned by military authorities at Constantinople. Porte promised payment at end of war.
†18	Errera and Co.	271 16 9	Merchandise captured by brigands.
†19	Esoofaly Sherafaly	578 0 0	Expenses in connection with advance made to Yemen Administration.
†20	Faiz-i-Hussaini	213 12 9	Forcible dispossession by military authorities of a piece of land.
21	Fisher	117 13 0	Wheat and barley requisitioned against receipt, stating value.
†22	Gallia (1910)	545 9 1	Damage owing to boycott of mill in 1910.
†23	„ (1913)	261 0 0	Damage done to mill at Tirnovo by Turkish troops in 1913.
†24	Gaza pier dues	Indeterminate	
		£ s. d.	
25	Hababhoy	67 0 0	Balance of sum due from the authorities of Medina.
†26	Hedjaz robbery and Red Sea piracy in 1908 and 1909	2,567 4 2	Losses by British subjects owing to insecure conditions prevailing.
†27	Hedjaz robbery in 1912 ...	62 2 6	Losses owing to insecurity in 1912; not a complete estimate.
28	Hedjaz robbery in 1913 ...	280 0 0	Losses owing to insecurity in 1913.
†29	Hillman (J. and A.)	819 3 6	
30	Horses requisitioned at Constantinople	150 0 0	Owners claim more. This claim does not include No. 17.
†31	Jeddah petroleum storage charges	246 0 0	Amount of one claim only by Messrs. Gellatly, Hankey, and Co. Potential claims indeterminate.
32	Jeddah petroleum storage charges	100 0 0	Further claims by Messrs. Gellatly, Hankey, and Co.
33	Juda (Avram)	Not stated	Price of machines supplied to Turkish authorities at Monastir.
34	Khedivial Steamship Company	„ „	Mules requisitioned at Damascus.
†35	Light dues	Indeterminate	Light dues levied in spite of extinction of Mediterranean lights.
		£ s. d.	
†36	"Linaria"	3,271 19 5	Claim by Stag Line in consequence of "Linaria's" detention at Constantinople.
†37	Lynch's steamer	Not stated	Import duty on new steamer.
38	"Manoussis"	„ „	Seizure of steamer at Dardanelles.

No.	Name.	Approximate Amount in Sterling.	Remarks.
		£ s. d.	
39	Marc	80 0 0	Vice-consul at Samos. Damage done to house by Turkish soldiers.
†40	Mitylene Consulate	910 0 0	Loss incurred by honorary dragoman owing to boycott.
†41	Oriental Carpet Company's Yarns	Indeterminate	Yarns distrained on by local authorities at Kara Hissar Sahib.
		£ s. d.	
†42	Oriental Carpet Company's Factory	509 1 10	Damage to factory. Government disclaim liability.
†43	Ottoman Gas Company ...	Indeterminate	Claim for exemption from real property tax. Government deny exemption.
		£ s. d.	
44	Paterson	19,470 0 0	Claim for barley and oats supplied to military authorities at Smyrna.
45	Psaras	2 0 0	Claim for damage by soldiers to house at Aidin.
†46	San Stefano houses	120 13 6	Damage to houses by Turkish troops. Porte admit greater part of liability.
47	Smith	6 1 0	Flour seized by soldiers at Pergamos.
†48	Smyrna anti-Greek boycott ...	Indeterminate	Losses by British subjects owing to boycott.
†49	Smyrna animals	"	Four animals belonging to British subjects requisitioned by authorities. Porte promised payment at end of war.
		£ s. d.	
50	" "	198 0 0	Horses requisitioned by military authorities.
†51	Soane	12 0 0	Robbery by Bedouins. Sum does not include value of effects.
†52	"Starlight," *alias* "Elpis" ...	1,454 10 0	Seizure of tug in the Golden Horn.
53	Stellario Schembri	145 0 0	Oxen requisitioned. Further claim for contingent damages may be made.
54	Trayhorn	Indeterminate	Horse requisitioned.
		£ s. d.	
55	Tucker	255 15 4	Balance of deposits made for proper execution of coal contracts.
56	Warren Brothers	346 6 0	Further details not yet available.
57	Whittall's wheat at Dardanelles	600 0 0	Forcible seizure of wheat for Turkish army.
†58	Whittall's (J. W.) barley at Constantinople	960 17 8	Barley, oats, and sacks seized by military authorities. Porte promised payment at end of war.
59	Whittall's (J. W.) barley at Rodosto	Not stated, say, 215*l.*	Barley supplied to authorities at Rodosto.
		£ s. d.	
60	Whittall (C.). Barley at Dardanelles and Geikli	500 0 0	Failure of authorities to take delivery of or pay for barley. Claim will increase.
61	Zarb. Motor accessories ...	23 10 0	Motor accessories supplied to Turkish military authorities at Monastir.
62	Zarb. Deposit in Turkish court	27 5 5	Deposit made as bail in the Turkish court at Monastir.

NOTE.—The Caruana claim, No. 15 in the memorandum communicated to Hakki Pasha on the 23rd September, 1913, has, according to a telegram from His Majesty's Ambassador at Constantinople, now been settled.

Enclosure 3 in No. 154.

Minute by Mr. Malkin.

Pecuniary Claims against Turkey.

A DIFFICULTY, which I mentioned incidentally in a minute the other day, is bothering me a good deal in connection with these claims, and I should be glad if it could be further considered. It relates to claims arising out of the recent wars.

These may be divided as usual into two classes—

(*a.*) Those in which compensation can be claimed as of right, and
(*b.*) Those in which it can only be asked for *ex gratiâ*.

The claims in class (*a*) relate, I understand, principally to requisitions. As to these, we ought to get a favourable award if they went to arbitration, and there is, therefore, from this point of view no objection to including them in the schedules to the arbitration agreement now being negotiated with Hakki Pasha, and this would probably be the course most likely to secure their payment.

The difficulty arises with regard to those in class (*b*). They are covered by the principle, which it is most important for us to uphold, that compensation for war losses cannot be claimed as of right. If, therefore, they went to arbitration they ought to be dismissed, and (which is more important) it would be difficult for us to ask for an award without creating a precedent which might well be quoted against us in connection with our American and German claims.

If, however, we do not ask for their arbitration, and present them to the Turkish Government in the usual way, with a request for compensation *ex gratiâ*, the Turks are quite likely to reply that they are disposing of our outstanding claims by arbitration, and that they are quite willing to arbitrate these, but they are not prepared to discuss them through the diplomatic channel. We should find it difficult to challenge this position, and should thus be no farther on. In any case, it seems unlikely that the Turks will pay any claim which cannot be pressed as of right. A further objection, though a minor one, is that, if we arbitrate some war claims and win them, and do not arbitrate others and fail to obtain payment *ex gratiâ*, the latter class of claimants may feel aggrieved.

I can only see three courses open, and there are objections to each:—

1. To let all the war claims go to arbitration, and leave the Tribunal to decide which must be paid.

I have pointed out above an objection to this course. It would be very difficult for us to argue in support of the claims in question, and if we merely rode for a fall it would be hard on the claimants, who would probably have to spend a certain amount of money in preparing their cases.

2. It might be possible, by using the monopolies lever, to make the Turks consent to *all* our war claims being placed in the schedule of cases as to which the Turks do not dispute liability in principle. This would have the effect of getting the claims paid; but the objection, which I feel very strongly, is that almost certainly our action would be quoted against us as showing that we do *not* hold the principle that compensation in such cases cannot be claimed as of right. In existing circumstances we cannot afford to have doubt cast on this principle.

3. Not to present these class (*b*) claims for arbitration, and to try to make some other arrangement with the Turkish Government. I have pointed out the objections to this above.

On the whole I think that (3) is the least open to objection, but I do not regard it with much enthusiasm.

H. W. M.

Foreign Office, February 11, 1914.

Minute by Mr. Clerk.

So far as we can tell, the *ex gratiâ* claims will amount to a very small proportion of the whole sum for which we shall ask payment, which makes it all the easier to agree to course (3), apart from the fact that that seems the best to adopt on general grounds.

From the data available, it appears that the claims under (*b*) in Mr. Malkin's minute, *i.e.*, claims the payment of which can only be asked for *ex gratiâ*, are a very small proportion of the whole—about 1,300*l.* out of over 215,000*l.* Some four claims amounting to about 380*l.* will almost certainly come under this category, while two others amounting to 936*l.* are doubtful.

G. R. C.

Foreign Office, February 12, 1914.

Minute by Sir Eyre Crowe.

I agree.

Moreover, I should say that we are quite entitled to distinguish between the two sets of claims, and that we cannot justly be blamed by claimants of the *ex gratiâ* category if we fail to take up as vigorous an attitude in their behalf as in respect to the other class of claims.

E. A. C

Foreign Office, February 12, 1914.

Enclosure 4 in No. 154.

Minute by Mr. Malkin.

Pecuniary Claims against Turkey.

I ANNEX a copy of the draft arbitration proposals, as they at present stand as the result of conversations with Hakki Pasha. I am afraid the draft annexed is rather untidy, but it is being printed, and this is the only copy I have.

Hakki Pasha is communicating with his Government on certain points, and I think it would be very desirable to send the draft to Sir L. Mallet by Tuesday's bag for his observations.

Articles 2, 6, 9–11, 13–15 are non-controversial in principle.

Articles 1, 3, 4, and 5 depend on whether all the claims arising since July 1908 (with the exception of *ex gratiâ* war claims) are to go to arbitration. I think we ought to press for this, but Hakki Pasha is rather reluctant, and is consulting his Government. In order to obtain this result it will probably be necessary to insist on article 5.

Article 7 (*a*). This is a provision as to which I am most anxious to have Sir L. Mallet's opinion, and I hope that he will take local legal advice. It is based on a draft submitted by Hakki Pasha, who presses strongly for its inclusion, and in its present form does not seem to me objectionable, but I feel strongly that only local knowledge and experience can say whether, in practice, it would operate unfairly to the detriment of claimants. If it is considered that it would, I should be very grateful if an alternative could be suggested which might satisfy Hakki Pasha. I made it quite clear (I hope) to him that we could not commit ourselves to the draft as it stands at present.

Article 7 (*b*) represents the principle on which the Washington tribunal is working.

Articles 8 and 16 are the result of a long battle on the subject of interest. At present Hakki seems inclined to accept them in their present form, and is consulting his Government. I should be glad to know if they are considered satisfactory.

Article 12. At present it is proposed to pay so much per week and travelling expenses, and Hakki has asked us to suggest a sum. As, however, the Turks will, no doubt, appoint a local judge as the Ottoman member, and it might be well for us to adopt a somewhat similar course, I am not sure that it would not be better to pay a lower rate per week, with a subsistence allowance to any member of the tribunal who does not normally live at Constantinople. On these points Sir L. Mallet will no doubt advise.

Article 16. Hakki Pasha (not unnaturally) has strong objections to this article, but it has been left standing pending an alternative proposal by him. It may be necessary to make a separate arrangement for the payment of the "floating debt" claims, but this is a point about which I know very little.

Article 17. This is based on a suggestion of Hakki's. Considered as a "barrer clause," it is, I think, unduly favourable to us, but he seems quite content with it.

Enclosure 5 in No. 154.

Déclaration.

ARTICLE 1er. Le Gouvernement de Sa Majesté britannique donne son consentement à l'établissement en Turquie de monopoles ou de droits de consommation sur les spiritueux (à l'exception des vins, bières, liqueurs et produits pharmaceutiques alcoolisés), le pétrole (comprenant seulement le pétrole d'éclairage et les essences du pétrole), les allumettes et amadous, les papiers à cigarettes et les cartes à jouer, et à l'établissement de droits de consommation sur le sucre et les boissons alcooliques telles que : vins, bières et liqueurs, aux conditions formulées ci-après :

(*a.*) En cas de monopole, le Gouvernement Impérial ottoman, s'il est établi un monopole d'État, ou la société ou les sociétés concessionnaires, si les monopoles sont concédés à une ou plusieurs sociétés, et en tant que l'État ou la société ou les sociétés s'approvisionneront à l'étranger, s'engageront à acheter annuellement dans le Royaume-Uni au moins les quantités de marchandises correspondant à la moyenne de leur exportation en Turquie pendant les trois années entières qui ont précédé l'établissement du monopole.

Dans le cas d'accroissement de la consommation, la part à attribuer dans les achats au commerce du Royaume-Uni sera augmentée au *pro ratâ* de sa participation.

(*b.*) Il est convenu que dans le cas où les monopoles d'importation seraient transformés en tout ou en partie en monopoles de fabrication, la cessation complète des achats à l'étranger ne pourra avoir lieu avant un délai de trois années, les achats pouvant, d'ailleurs, être diminués d'un tiers chaque année.

Il est aussi convenu que tout monopole à établir pour le pétrole n'aura trait qu'à son importation et à sa vente dans l'Empire ottoman et que, quel que soit le régime à établir, on n'apportera aucune entrave ni à la libre exploitation, ni au raffinage, ni à la libre exportation des produits des gisements pétrolifères dans les territoires ottomans.

Les règlements relatifs au monopole ou au droit de consommation du pétrole ne contiendront rien qui puisse empêcher ou entraver le transport ou le transit du pétrole dans ou à travers ces

territoires; ledit transport ou transit devra demeurer libre et soumis seulement aux conditions des règlements douaniers en vue de prévenir tout abus ou contrebande.

[Il est expressément entendu que l'établissement d'un monopole de pétrole ne pourra avoir lieu avant qu'un arrangement, acceptable aux deux Gouvernements, soit arrêté au sujet de l'exploitation des gisements pétrolifères dans les vilayets de Mossoul et de Bagdad.]

(c.) En cas d'établissement de droits sur la consommation, les droits ainsi que le mode et les formalités de leur application devront être identiques pour les provenances similaires de tous les pays étrangers. Les mêmes droits et un traitement égal doivent aussi être établis à l'égard des marchandises similaires produites en Turquie.

Article 2. Le Gouvernement de Sa Majesté britannique consent, en principe, à ce que les articles de provenance britannique compris dans une liste à être dressée d'un commun accord entre les deux Gouvernements soient assujettis, comme les mêmes articles de toutes autres provenances, à des taxes d'octroi au profit des villes ottomanes importantes. La liste ne doit comprendre que des articles généralement soumis à cette taxe, appartenant aux catégories de boissons, de comestibles, de combustibles, de fourrages, ou de bois de construction.

Les municipalités n'appliqueront pas un tarif supérieur à un tarif maximum qui sera fixé d'un commun accord entre les deux Gouvernements. Ce tarif sera le même pour les marchandises importées et pour celles produites dans le pays.

Article 3. Le Gouvernement de Sa Majesté britannique accepte le principe de la refonte de la loi sur le timbre en Turquie. Il se déclare prêt, en outre, à examiner les mesures propres à concilier l'organisation d'un contrôle efficace de l'Administration de la Dette publique ottomane avec le secret des opérations financières et commerciales.

Article 4. Le Gouvernement Impérial ottoman consent à la formation, dès à présent, d'une commission mixte anglo-ottomane à l'effet d'étudier la réduction des droits de phare perçus de la navigation en Turquie. Cette réduction devra être étudiée sur une base équitable, de façon à produire une juste rémunération des services rendus. Elle entrera en vigueur en 1919.

Article 5. Dans le cas où le Gouvernement Impérial ottoman décidera de mettre de nouveau en adjudication les sections des travaux d'irrigation en Mésopotamie visées dans les soumissions faites au mois d'avril 1912, l'adjudication en sera réservée aux maisons anglaises qui seules avaient soumissionné à la suite des mises en adjudication précédentes. Il est expressément entendu que, dans ce cas, les soumissionnaires seront tenus de soumettre des prix raisonnables et à prendre pendant dix ans la responsabilité de tout dégât ou perte dû à leur inexécution des conditions de leurs cahiers des charges; elles seront également tenus de faire agréer par le Gouvernement Impérial une combinaison financière assurant l'exécution des travaux à adjuger.

Si, après la mise en adjudication et dans un délai fixe, lesdites maisons n'ont pas fait les soumissions requises, le Gouvernement Impérial ottoman sera dégagé de l'obligation de leur réserver l'adjudication des entreprises dont il est question.

Tout différend qui surviendrait entre le Gouvernement Impérial ottoman et lesdites maisons, ou l'une d'elles, en ce qui concerne l'étendue des travaux visés à l'alinéa 1er du présent article, l'adjudication, l'acceptabilité des prix, les conditions du contrat ou leur exécution, sera soumis à une cour arbitrale, ainsi constituée:—

Le Gouvernement de Sa Majesté britannique, agissant pour les maisons intéressées, et le Gouvernement Impérial ottoman, désigneront chacun deux personnages de haute réputation, possédant les qualités techniques requises pour traiter les questions en litige. Comme surarbitre il sera associé avec ces quatre personnages un jurisconsulte de la plus haute capacité et d'un caractère irréprochable, désigné d'accord par le Gouvernement de Sa Majesté britannique et le Gouvernement Impérial ottoman. A défaut d'un tel accord, les deux Gouvernements auront recours à Sa Majesté la Reine des Pays-Bas pour l'inviter à désigner le surarbitre.

Ce tribunal décidera, à l'unanimité ou à la majorité, la procédure à suivre.

A moins d'avoir ouvert les adjudications susmentionnées et d'avoir, le cas échéant, eu recours à l'arbitrage précité, le Gouvernement Impérial ottoman s'engage à ne pas accorder, sauf à l'une

ou à l'autre desdites maisons anglaises, une concession pour la totalité ou toute partie des sections susvisées.

Article 6. Le Gouvernement Impérial ottoman invitera, publiquement et impartialement, des soumissions pour les entreprises d'irrigation en Mésopotamie qui ne rentrent pas dans la catégorie des travaux qui font l'objet de l'article précédent. L'exécution desdites entreprises sera accordée au soumissionnaire qui aura fait la proposition la plus avantageuse au Gouvernement Impérial ottoman.

Article 7. Le Gouvernement Impérial ottoman ayant la ferme intention de maintenir intacte la situation légale des institutions anglaises, religieuses, scolaires, hospitalières et autres, en Turquie, ainsi que les privilèges et immunités dont jouissent ces institutions, déclare qu'aucun changement n'y sera apporté. Pour ce qui est de leur agrandissement et de la création de nouvelles institutions, les formalités à remplir seront exécutées en conformité de la procédure actuellement établie, et les additions et les nouvelles institutions ainsi créées jouiront des mêmes privilèges et immunités, notamment en ce qui concerne la franchise d'impôts et de taxes. Les démarches que l'Ambassade de Sa Majesté britannique se trouvera dans le cas de faire à l'égard de la Sublime Porte à cet effet recevront l'accueil le plus cordial, et toutes facilités seront accordées conformément aux principes approfondis ci-dessus.

Il est du reste bien entendu que les susdites institutions anglaises jouiront du même traitement que les institutions étrangères de la nation la plus favorisée.

Article 8. Le Gouvernement Impérial ottoman s'engage à protéger les intérêts, tels qu'ils sont spécifiés, et conformément aux conditions stipulées, à l'annexe numéro I de la présente déclaration, en ce qui concerne les concessions pour sources pétrolifères dans le caza d'Ajloum (vilayet de Syrie) et dans l'île de Fersan (vilayet du Yémen).

Article 9. Les articles 1er et 2 de la présente Déclaration n'entreront pas en vigueur avant la liquidation complète des réclamations pécuniaires conformément aux décisions arbitrales en vertu de la Convention anglo-ottomane en date du

Article 10. Chemin de fer Smyrne–Aïdin.

ANNEXE No. 1.

Les intérêts du sujet britannique Mr. Edward Thomas Boxall en ce qui concerne les six permis de recherche pour sources pétrolifères dans le caza d'Ajloum (vilayet de Syrie), dont il est titulaire avec Suleïman Bey Nassif, seront sauvegardés conformément à la loi ottomane sur les mines; et l'octroi éventuel des concessions requises sera facilité et assuré auxdits intéressés ou à leurs ayants droit pourvu qu'ils aient satisfait aux dispositions de la loi et qu'ils n'aient pas encouru la déchéance de leurs droits par leur propre faute et leur inobservance des conditions que la loi impose pour l'obtention des concessions minières. Il est expressément entendu que ladite déchéance n'a pas été encourue à la date de la signature de la présente déclaration.

Les intérêts du sujet britannique Mr. George Robert Rogers en ce qui concerne les permis de recherche pour sources pétrolifères dans l'île de Fersan (vilayet du Yémen) seront sauvegardés conformément à la loi ottomane sur les mines; le transfert des susdits permis de recherche au nom de Mr. George Robert Rogers sera confirmé par le Gouvernement Impérial ottoman; et l'octroi éventuel des concessions requises sera facilité et assuré audit intéressé ou à ses ayants droit pourvu qu'ils aient satisfait aux dispositions de la loi, et qu'ils n'aient pas encouru la déchéance de leurs droits par leur propre faute et leur inobservance des conditions que la loi impose pour l'obtention des concessions minières.

Il est expressément entendu que ladite déchéance n'a pas été encourue à la date de la signature de la présente déclaration, et que les droits de Mr. George Robert Rogers ne seront pas invalidés par le fait que son transfert n'a pas encore été dûment et officiellement confirmé.

[7588] No. 155.

Mr. Corbett (for Mr. Slaughter) to Mr. Parker.—(*Received February* 20.)

Dear Mr. Parker, 18, *Austin Friars, London, February* 19, 1914.

RE Ottoman Railway from Smyrna to Aidin.

Many thanks for your letter. Mr. Barfield is going into the question of the Beyshehr extension and will be prepared with arguments to meet the German objections.

For your information I beg to hand you herewith copies of:—

1. Letter from Mr. Slaughter to Hakki Pasha dated the 18th February, 1914.
2. Letter from Hakki Pasha to Mr. Slaughter dated the 18th February, 1914.
3. Letter from Mr. Slaughter to Hakki Pasha in substitution for his letter of the 17th February, 1914.
4. Letter from Mr. Slaughter to Hakki Pasha covering enclosure No. 3.
5. Letter from Signor Nogara to Mr. Slaughter dated the 18th February, 1914.
6. Letter from Mr. Slaughter to Signor Nogara dated the 19th February, 1914.

Yours sincerely,
ADRIAN CORBETT.

P.S.—Since writing the above I have spoken to Mr. Slaughter on the telephone. Enclosures Nos. 3 and 4 have not actually gone and Mr. Slaughter will ring you up on the telephone after dinner on the subject of them.

Enclosure No. 3 has been approved by the board and Mr. Barfield.

A. C.

Enclosure 1 in No. 155.

Mr. Slaughter to Hakki Pasha.

Your Highness, 18, *Austin Friars, London, February* 18, 1914.

RE Ottoman Railway Company (Smyrna to Aidin).

In view of what transpired at the meeting at the Foreign Office yesterday in connection with the construction of the Bourdour–Adalia Railway, when you indicated that the question of giving a guarantee to the Italians was under consideration by the Imperial Ottoman Government, the position calls for reconsideration by the Smyrna–Aidin Company.

I am accordingly writing this letter to ask your Highness to be good enough to

take no step whatever in connection with the draft letter that I sent you yesterday immediately prior to the meeting.

The board of the Smyrna–Aidin Company is now engaged in considering a revised reply to you Highness' memoranda which will be forwarded to your Highness in the course of to-morrow.

I am, &c.
W. CAPEL SLAUGHTER.

Enclosure 2 in No. 155.

Hakki Pasha to Mr. Slaughter.

Claridge's Hotel, Brook Street, London,
February 18, 1914.

Dear Mr. Slaughter,

IS there a mistake in all this? I never said the Government was considering to give kilometric guarantee to the Italians or anything of the kind. I could not say it or anything else, having no official or even private information on the subject. The only information I have and which I communicated at the time to Mr. Parker is that the Italians have a certain contract to study some lines and that is all. I remember your partner and Mr. Parker said that the Government was intending to accord guarantee to the Italians and it would be unfair to refuse the same facilities to your company. Please beware of doing anything on an erroneous statement and let me know the receipt of the present.

Sincerely yours,
I. HAKKI.

Enclosure 3 in No. 155.

Mr. Slaughter to Hakki Pasha.

Your Highness, 18, *Austin Friars, London, February* 19, 1914.

RE the Ottoman Railway Company (Smyrna to Aidin).

The two memoranda which you handed to me on the 11th and 13th instant respectively have now been considered by the board of the above company.

Referring to the memorandum which you handed to me at the Foreign Office on the 11th instant, the board instruct me to inform you that, while they are in general agreement with the memorandum as a whole, they are unable to accept the suggestion that the annual working costs shall be fixed at 45 per cent. of the gross annual receipts.

Apart altogether from the fact that the working costs have often in past years exceeded this percentage the board do not feel that it is possible in practice to bind the company down to a fixed percentage for the rest of the term of the company's concessions. The board submit that the only equitable arrangement is to take the actual net receipts of every year, when ascertained and then to divide them in the manner mentioned in your Highness' memorandum.

Referring to the memorandum which your Highness sent to me on the 13th instant I am instructed to inform you that the memorandum has been considered by the board who have to offer the following remarks upon it:—

1. *Prolongation of Concession.*

The board notes that the prolongation is accepted.

2. *Extension of Existing Line.*

(a.) *Karakouyou to Sandihli.*

The board notes that this extension is granted.

(b.) *Junction with Anatolian Railway.*
(c.) *Line between Lakes Eghirdir and Beyshehr.*

The board notes that these concessions will be granted if the Anatolian Company withdraws its objections and does not impose onerous conditions on the Imperial Ottoman Government. The board are at the moment engaged in negotiations with the Anatolian Company with a view to coming to an amicable agreement with them, and the board are of course quite ready to admit that no junction can be made with the Anatolian railway without that company's consent. The board cannot, however, accept the principle that the Anatolian Company is entitled to object to the proposed new line

from Lake Eghirdir to Lake Beyshehr, or that the granting of the concession for this line must be dependent upon the acquiescence of the Anatolian railway. The Anatolian Company has no defined zone of influence and the board do not admit that the proposed line would in any way prejudice the Anatolian Company or infringe their rights.

3. *Navigation of the two Lakes.*

The above remarks as to the Anatolian Company apply also to the navigation of Lake Beyshehr. The board understand that no objection is offered by the Anatolian Company to the navigation of Lake Eghirdir.

4. *Customs exemptions.*

The board note that this exemption is granted.

5. *Forty Kilom. Zone for the New Lines.*

The board note that this zone is not acceptable. The board do not of course wish the zone to include existing lines of other companies, but they submit that they are entitled to the same zone for any new lines as they enjoy for their existing lines. It is, the board submit, unreasonable to ask a railway company which has no guarantee to construct new lines without safeguards against future competition.

6. *Period of Construction.*

This is acceptable in principle, but the periods must be of substantial length and it must be clearly stipulated that if the company is unable to build the lines within the required period or any extension thereof granted by the Imperial Ottoman Government, that only the concession relating to the particular section of line involved shall be forfeited and that the company's other concessions shall remain unaffected.

7. *New Line to Mermeris.*

The proposal from Constantinople that the Smyrna Company shall construct a new line to Mermeris is an entirely novel one and much that I write below on the subject of guarantee in relation to the line from Bourdour to Adalia is equally applicable to this line. The company do not of course claim any right to object to the construction of a railway from Mougla to the coast, but if the company were offered adequate guarantees, they would approach with a willing mind the consideration of affording railway facilities for the country between Mougla and the present system of the railway.

8. *Line from Bourdour to Adalia.*

By the terms of article 2 of the convention granted to the company by the Imperial Ottoman Government dated the 6th October, 1906, the Imperial Ottoman Government have bound themselves to the company not to allow the construction of the line from Adalia to connect with the company's present system without the previous consent of the company, and, indeed, it is because the Italian Government recognise the company's rights, that Signor Nogara, with their approval, is approaching the Smyrna Company and proposing that some agreement shall be arrived at enabling the Italian Company to build northwards from Adalia, while respecting the company's 40-kilom. zone. At the meeting at the Foreign Office on the 17th instant, I gather that your Highness expressed, at any rate in a preliminary way, the view that the company's 40-kilom. zone of protection was not a position on which the company was entitled to place permanent reliance if, in the opinion of the Imperial Ottoman Government, the development of the country within the zone called for railway facilities. With great respect, I cannot accept that view, and feel confident that on further consideration the Imperial Ottoman Government will not fail to respect the rights granted to the Smyrna Company, and to secure them in all circumstances, complete immunity from railway construction within the 40-kilom. zone.

The proposal is now made that the Smyrna Company shall within a period of four years itself construct the Boudour–Adalia line or, alternatively, that the company's rights, above referred to under the convention of October 1906, shall be abrogated. The Smyrna Company's advices are that this line cannot possibly be built as a commercial undertaking, in the sense that it cannot be expected to pay even working expenses for some considerable period (an opinion which I may add is also held by Signor Nogara), and it is obvious, therefore, that the Smyrna Company cannot be expected either to construct a line which will involve them in substantial loss, or if they do not construct the line to surrender their rights under the 1906 convention. Accordingly, if the line to Bourdour is to be built at all, the Imperial Ottoman Government will have to provide

adequate guarantees of traffic or interest on the capital involved until such time as the receipts from the line produce equivalent revenue, and upon some such basis the Smyrna Company are quite willing to negotiate for the construction of the line, provided that their present receipts are duly safeguarded.

I feel no hesitation in making this submission to the Imperial Ottoman Government because it is not, so far as I am aware, controverted that the Italians would not be prepared to construct the line except with the support of substantial guarantees on the part of the Imperial Ottoman Government. This once conceded, it follows that it would be unthinkable that the Imperial Ottoman Government should grant terms to others which they refused to the Smyrna Company and at the same time do so for the purpose of enabling those others to infringe the clearly defined rights accorded by the Imperial Ottoman Government to the Smyrna Company.

9. *Remodelling of the Conventions.*

This is acceptable in principle subject to its being clearly understood that no new terms of any kind are to be imposed. The company submit, however, that the form of the new convention should be settled in London.

10. *Article 26 of the "Cahier des Charges" of the Bagdad Railway.*

11. *Reduction of Maximum Tariff.*

The company is anxious to meet the Imperial Ottoman Government's views on these points, but as the company has not yet had an opportunity of considering them with its general manager it desires to reserve its reply for the moment.

I am, &c.
W. CAPEL SLAUGHTER.

Enclosure 4 in No. 155.

Mr. Slaughter to Hakky Pasha.

Your Highness, 18, *Austin Friars, London, February* 19, 1914.

RE Ottoman Railway Company (Smyrna to Aidin).

I duly received your letter of yesterday's date in reply to mine of the same date contents of which I have carefully noted.

I was very sorry that owing to illness I was unable to be present at the interview at the Foreign Office, and I regret that you should think that any mistake has been made.

With all submission I do not think there has, and I beg to hand you herewith a substituted reply to your memoranda which sets out the Smyrna Company's views. As you see, I have omitted any reference to the question of repaying the company's capital at par as I understand from you that such a suggestion would not be acceptable to your Government.

I am, &c.
W. CAPEL SLAUGHTER.

Enclosure 5 in No. 155.

Signor Nogara to Mr. Slaughter.

Hotel de Crillon, Place de la Concorde, Paris, February 18, 1914.

Dear Sir,

I HOPE you have recovered from your influenza.

I know from London that the general manager of the Ottoman Railway, Smyrna–Aidin, has arrived to-day in London, so I expect that a meeting of the board of directors might be taken on Friday next and everything satisfactorily arranged.

Before leaving from Paris I await news from yourself, because it will be very disagreeable for me to be obliged to return to London after having left Paris for the Near East.

Please write me in any case to let me know how matters are going before Sunday next.

With my thanks and my best regards.

Yours truly,
NOGARA.

Enclosure 6 in No. 155.

Mr. Slaughter to Signor Nogara.

Dear Signor Nogara, 18, *Austin Friars, London, February* 19, 1914.

I HAVE received your letter of yesterday and thank you very much for your kind enquiries after my health. I am happy to say that I am now almost recovered and have returned to my office.

Since I last wrote to you, a very serious development of the situation has occurred which seems to me to call for a personal discussion between us as the issues involved are too complicated to be dealt with by correspondence.

On the instructions of his Government, his Highness Hakki Pasha has handed to my clients a memorandum calling upon them to construct two new lines of railway, one from Lake Boudour to Adalia and another southwards from some point near Aidin to Mougla and thence to Mermeris. This demand has come as a surprise to my clients and has altered the whole position.

Your information with regard to the general manager, Mr. Barfield, is correct and meetings are to be held with him to-day and to-morrow to discuss the situation.

For your information I may tell you that had it not been for this new demand by the Turkish Government, which has entirely changed the position, I feel sure that the Smyrna directors would have accepted my advice to accede to, at any rate, a considerable part of your proposals.

I note that you are very reluctant to return to England, but I feel sure that you will agree with me that a personal discussion is the most satisfactory method of dealing with the new situation.

Yours very truly,
W. CAPEL SLAUGHTER.

[7588]

No. 156.

Mr. Parker to Mr. Slaughter.

Dear Mr. Slaughter, *Foreign Office, February* 20, 1914.

WE do not object to enclosure No. 3, in your firm's letter of yesterday addressed to me, going to Hakki Pasha if at the bottom of p. 6 you add the following passage :—

"Moreover, as mentioned above, Signor Nogara is at present engaged in discussions with the Smyrna Company on the subject of railways starting from Adalia. The company understand that the Italian syndicate whom Signor Nogara represents have obtained from the Turkish Government a definite 'permis d'études' for such railways so far as they do not conflict with their rights. There would therefore appear to be some contradiction between your Highness's present proposals to the Smyrna Company and the alleged obligations undertaken by the Turkish Government towards the Italian syndicate, and, until this point is made clear, nothing definite can be settled."

Yours sincerely,
ALWYN PARKER.

[7892]

No. 157.

Herr von Kühlmann to Sir E. Crowe.—(Received February 21.)

(Confidential.)

Dear Sir Eyre, *German Embassy, London, February* 20, 1914.

OUR delegate to the Dette publique prepared, for the confidential information of the German Foreign Office, a list showing the participation of England, Germany, and France in Turkish finance, as represented by the Dette publique. I thought a copy might be of interest to your Department.

Yours very sincerely,
KÜHLMANN

[7964] No. 158.

Sir L. Mallet to Sir Edward Grey.—(Received February 21.)

(No. 118.)
(Telegraphic.) *Constantinople, February 21, 1914.*

ITALIAN Ambassador says that Smyrna–Aidin Company have informed Nogara that Hakki Pasha has asked them to build Adalia–Buldur and Makri–Moughla railway lines, and that this upsets all calculations just when company and syndicate were coming to terms.

Italian Ambassador says that Grand Vizier denies having instructed Hakki Pasha to make any such proposal.

I have no doubt that Hakki Pasha has acted on Djemal Pasha's orders, which may cause some friction here.

In these circumstances, Hakki may receive instructions to withdraw proposal.

If, however, it is maintained, I venture to recommend Anglo-Italian co-operation on basis of Turkish Government's guarantee on capital expenditure. Barfield could explain advantage of guaranteeing these lines as well as portion of Smyrna–Aidin section which would be affected.

If company rejected proposal outright, then Government might proceed in manner indicated in my telegram No. 94 of 10th February. If company accepted proposals without Italian co-operation it would create a very difficult situation for Italy, and might retard evacuation of islands, of which Italian Ambassador assured me his Government are desirous at an early date.

[6950] No. 159.

Sir Edward Grey to Sir L. Mallet.

(No. 98.)
(Telegraphic.) R. *Foreign Office, February 21, 1914.*

YOUR telegram No. 105 of 16th February: Shatt-el-Arab Riverain Commission.

German Embassy state that the Bagdad Railway Company will claim the first 8 per cent. of receipts from Basra customs; but they have recommended at Berlin that instructions should be sent to your German colleague to co-operate with your Excellency in urging upon the Ottoman Government to allocate as security for necessary loans the surplus yield (*i.e.*, the revenue which, when the Basra customs are raised to 15 per cent., will be available after payment of this said 8 per cent.) to the Riverain Commission, in order that there may be no doubt that article 16 of the Anglo-Turkish Convention of 29th July, 1914, will in fact be enforced.

Your Excellency is aware from the recommendations which you will find in "Asiatic Turkey" print, September 9, section 1, that such security will be necessary, and such expenditure as is incurred in improving the river will undoubtedly be productive, and will tend to increase the customs receipts of Basra.

You should attempt to secure early assent of the Turkish Government in writing to such an arrangement.

[8055] No. 160.

OTTOMAN RAILWAY FROM SMYRNA TO AIDIN.

Memorandum showing the Reasons why the Company desires Permission to navigate Lakes Egherdir and Beyshehir and to construct a Line of Railway connecting the Lakes.—(Communicated to Dr. Riese, Herr Bergmann (of the Deutsche Bank), and Herr von Kühlmann on February 21, 1914.)

EXTENSIVE and proverbially fertile plains lie to the east of Lake Egherdir and Lake Beyshehir—in which are situated the towns of Yalovatch and Karagatch—which are entirely cut off from the Anatolian Railway by mountains over 4,000 feet high and over 3,000 feet above the level of the plains, but which can easily and profitably be developed by the Smyrna–Aidin Company if its application is granted for a concession to construct a line of railway connecting the two lakes and to navigate the lakes.

The road over the mountain from Yalovatch to Akshehir on the Anatolian Railway is always very difficult, and is dangerous in winter. On an average the road is impassable for one month in every year.

The distance from Yalovatch to Smyrna (the terminus of the Smyrna–Aidin Railway) is 328 miles, of which 18 miles is easy road to Lake Egherdir, 17 miles is water across the lake to the town of Egherdir, and the balance, 293 miles, is the Smyrna–Aidin Railway.

The distance from Yalovatch to Haidar Pasha (the terminus of the Anatolian Railway) is 398 miles, of which 20 miles is very difficult road over the mountains to Akshehir, and the rest the Anatolian Railway.

Haidar Pasha is 170 miles further from the principal ports of the western Mediterranean than Smyrna.

The distance by the Smyrna–Aidin Railway from Lake Beyshehir to Smyrna is 368 miles, of which approximately 40 miles is road.

The distance by the Anatolian Railway from Lake Beyshehir to Haidar Pasha viâ Konia is 556 miles, of which 65 miles is road over very hilly country.

It is believed that the existing traffic over the mountains to Akshehir does not bring more than 3,000*l.* or 4,000*l.* revenue per annum to the Anatolian Railway.

Owing to the nature of the roads, road transport is very costly, while navigation of the lakes, especially when the two lakes are joined by the proposed new railway, will give a highly effective and cheap service for the plains round the lakes to Smyrna.

In spite of existing conditions the lakes are now largely navigated, but only miserable craft are available, and there is no accommodation for loading, unloading, or warehousing goods.

As goods can, in practice, only be brought to Egherdir by water, the growth of traffic is greatly stunted and the development of the country is retarded.

It is contended by the Smyrna–Aidin Company that Smyrna is a larger and better market for the products of the country round the lakes in question than Constantinople.

The company understand that it is contended by the Anatolian Company that, as the water-shed is south and east, the country along the shores of Lake Beyshehir belongs properly to the Anatolian Railway, and that owing to the development of the country by the German irrigation works the increased traffic should be carried entirely by the Anatolian Railway.

The company's answers to these contentions are:—

1. That owing to the distance from Konia and the nature of the country the district round Lake Beyshehir cannot be developed by railway communications eastwards and that the natural outlet for the products of the country is westwards.

2. If a line is drawn half-way between Egherdir—the present terminus of the Smyrna–Aidin Railway—and Konia, which is the nearest point on the Anatolian Railway with which railway communication with Lake Beyshehir could be established, it is found that the whole district round the shores of Lake Beyshehir lies to the west or Smyrna–Aidin Company's side of such line, so that this lake is properly included in the Smyrna–Aidin Company's sphere, but even so, the company asks for no monopoly of the traffic.

3. It is admitted that Lake Beyshehir drains southwards into Lake Seidishehir, which is 22 miles from Lake Beyshehir, and thence through the narrow and extremely difficult gorge of the Tcharshambe Sou into the plains of Konia, but the Smyrna–Aidin Company cannot admit that, on this ground alone, they are for ever precluded from developing the country.

The Smyrna–Aidin Company is prepared to admit the fairness of the contention that at any rate the greater part of the traffic created by the proposed irrigation works should be carried by the persons responsible for the works, but as far as the Smyrna–Aidin Company are aware the nearest irrigation works contemplated are near Lake Seidishehir, or 22 miles to the south of the south end of Lake Beyshehir, 50 miles from the termination of the Smyrna–Aidin Company's proposed Beyshehir extension, and quite outside the district now proposed to be developed by the Smyrna–Aidin Company. It is believed also that the works contemplated are not of large dimensions. The Smyrna–Aidin Company cannot admit that because at some future date, if engineering difficulties can be overcome, the irrigation works may possibly be extended northwards, the Beyshehir district is for that reason to be deprived of railway facilities for an indefinite period.

4. Nearly the whole of the land proposed to be irrigated by the Anatolian

Company is situated in the plain south-east of Konia, and it will take many years and a largely increased population to develop it in its entirety. This plain, through which the Anatolian main line runs, is capable of absorbing the whole of the water available for irrigation in Lakes Beyshehir and Seidishehir.

5. Camels and other means of transport are not to be found in sufficient quantity to carry produce to the railways. This is a continually-increasing difficulty, and the railways must, in their own interests and those of the population, be extended to the centres of production.

February 20, 1914.

[7977] No. 161.

Sir L. Mallet to Sir Edward Grey.—(Received February 23.)

(No. 96.)

Sir, *Constantinople, February* 16, 1914.

WITH reference to my telegram No. 102 of the 14th instant, I have the honour to enclose herein copies of the collective note addressed to the Imperial Ministry for Foreign Affairs (in accordance with the instructions contained in your telegram No. 84 of the 12th February) relative to the decision of the Powers as to the fate of the Ægean islands.

I also enclose copies of the reply returned to the Ambassadors of the Powers by the Grand Vizier, which reached me this morning.

I have, &c.
LOUIS MALLET.

Enclosure 1 in No. 161.

Collective Note to Sublime Porte.

LES soussignés, Ambassadeurs d'Autriche-Hongrie, d'Italie et de Grande-Bretagne et Chargés d'Affaires de France, d'Allemagne et de Russie, ont l'honneur, d'ordre de leurs Gouvernements, de porter à la connaissance du Gouvernement Impérial la communication suivante :

Par l'article 5 du Traité de Londres du 17 (30) mai, 1913, entre la Turquie et les Etats alliés balkaniques, ainsi que par l'article 15 du traité signé à Athènes, entre la Turquie et la Grèce, le 1er novembre, 1913, la Porte s'est engagée à laisser aux six Puissances le soin de décider du sort des îles de la mer Égée.

En conséquence, les six Puissances ont soumis la question à une étude attentive et, après échange de vues, ont décidé que la Grèce restituerait à la Turquie les îles d'Imbros et de Ténédos et conserverait la possession des autres îles de la mer Égée qu'elle occupe actuellement. L'île de Castellorizo sera également rendue à la Turquie. Les six Puissances ont également décidé que des garanties satisfaisantes leur seraient données ainsi qu'à la Turquie par la Grèce que les îles dont elle gardera la possession ne seront ni fortifiées ni utilisées pour un but naval ou militaire et qu'elle prendra des mesures effectives en vue de prévenir la contrebande entre les îles et le territoire ottoman. Les six Puissances se sont engagées à user de leur influence sur le Gouvernement grec en vue d'assurer l'exécution loyale et le maintien de ces conditions. Les six Puissances exigeront, en outre, de la Grèce des garanties satisfaisantes pour la protection des minorités musulmanes dans les îles qu'elle acquiert.

Les six Puissances ont la confiance que les décisions ci-dessus seront loyalement respectées par le Gouvernement ottoman.

Constantinople, le 14 *février*, 1914.

Enclosure 2 in No. 161.

Reply of Sublime Porte to Collective Note.

LE soussigné, Grand Vizir et Ministre des Affaires Étrangères de Sa Majesté Impériale le Sultan, a l'honneur d'accuser réception de la note collective que leurs Excellences les Ambassadeurs d'Autriche-Hongrie, d'Italie, de Grande-Bretagne et MM. les Chargés d'Affaires de France, d'Allemagne et de Russie lui ont remise le 14 courant.

Le Gouvernement Impérial, en laissant aux Grandes Puissances le soin de fixer le sort des îles occupées par la Grèce, leur avait, en même temps et à différentes reprises, exposé les considérations d'ordre supérieur qui rendaient indispensable pour lui la possession des îles se trouvant dans le voisinage des détroits, ainsi que celles qui font partie intégrante des possessions asiatiques de l'Empire.

Le Gouvernement Impérial avait donc le ferme espoir que les Grandes Puissances voudraient bien user de leur mandat pour donner à la question des îles une solution conforme aux intérêts bien compris des parties en cause.

C'est avec un vif regret qu'il constate que les six Grandes Puissances n'ont pas tenu suffisamment compte des exigences vitales de l'Empire et réglé cette question de façon à écarter toute contestation sérieuse.

Tout en prenant acte de la décision des six Grandes Puissances concernant la restitution à l'Empire des îles d'Imbros, de Ténédos et de Castellorizo, le Gouvernement Impérial, conscient de ses devoirs et appréciant à sa haute valeur les bienfaits de la paix, s'efforcera à faire valoir ses justes et légitimes revendications.

Constantinople, le 14 *février*, 1914.

[7964] No. 162.

Sir Edward Grey to Sir L. Mallet.

(No. 99.)

(Telegraphic.) R. *Foreign Office, February* 23, 1914.

YOUR telegram No. 118 of 21st February : Italian negotiations with Smyrna–Aidin Company.

Hakki Pasha's communication to the Smyrna–Aidin Company regarding lines to Marmaris viâ Mougla and to Adalia from Buldur was in writing and is in the form of a summary demand rather than of a simple request. He apparently contemplates violation of the 40-kilom. zone at Buldur (see convention of 1906) unless the company build the line within four years, and he becomes evasive when pressed to state whether, if Smyrna company do not build line, Italians will receive guarantee for any part of it, as it is admittedly not practicable as a commercial proposition without guarantees.

Full details of negotiations go to you by post to-day; but, in view of latest developments, we are suggesting meeting between Nogara and Smyrna–Aidin representatives at Foreign Office to-morrow, and asking Italian Embassy to be represented.

The situation is complicated, as Anatolian Railway seem to fear railway connection between Adalia and Buldur, and maintain that if it is established they would be less inclined to favour junction with Smyrna–Aidin, to option for which latter company attach importance.

It may be necessary shortly to have instructions sent to Hakki Pasha to participate in discussions in London; but we do not desire to bring him in until preliminary discussions with Italians and Germans have taken place.

[8236] No. 163.

Bagdad Railway Agreement, dated February 23, 1914.

BETWEEN the Bagdad Railway Company—hereinafter referred to as B.R.C.—represented by Geheimer Baurat Dr. Otto Riese of Frankfort-on-the-Main, duly authorised for this purpose, on the one side, and the Right Honourable James Lyle, Baron Inchcape, of London, on the other side, the following arrangement has been agreed upon :—

ARTICLE 1.

The B.R.C. is at present under agreements with the Société de Transports Fluviaux en Orient, of Brussels, and with the firm of Lynch Brothers, of London City, concerning the transport of material necessary for the construction of the Bagdad railroad and its branches, on the River Tigris from Basra to Bagdad. It is intended to cancel the said agreements. Conditionally on this cancellation the B.R.C. and Lord Inchcape enter into the following contract with the object of suitably arranging such transport of material for the Bagdad Railway construction on a new basis.

ARTICLE 2.

The B.R.C. agrees to entrust to Lord Inchcape, and the latter agrees to undertake, the transport on the River Tigris from Basra to Bagdad, of all material, machines and articles of any kind (hereinafter collectively called "goods") necessary for the construction and for the working of the Bagdad Railway and its branches, including the port of Bagdad and including further any other construction work to be executed by the B.R.C. or by the firm of Philipp Holzmann and Co. (Limited), of Frankfort-on-Main, as far as the B.R C. may decide to transport goods to Bagdad by water.

The total weight of goods to be transported during the construction of the Bagdad Railway shall not be less than 100,000 tons of 1,016 kilog. each, but in this guaranteed quantity of 100,000 tons shall be included the total weight of all

goods already transported or to be transported to Bagdad before the present agreement becomes operative by the Société de Transports Fluviaux and the firm of Lynch Brothers by order and for account of the B.R.C., amounting, on the 1st February, 1914, to about 10,000 tons

ARTICLE 3.

Lord Inchcape agrees to transport from Basra to Bagdad, on craft provided by himself, all quantities of goods delivered to him by the B.R.C. up to a maximum of 3,500 tons of 1,016 kilog. each per month, and the B.R.C., on the other hand, agrees to provide not less than 2,500 tons of 1,016 kilog. each of goods per month until the said 100,000 tons has been entrusted to Lord Inchcape for such transport as aforesaid. The B.R.C. agrees to advise the representative of Lord Inchcape at Basra or Bagdad of the quantity to be shipped during any given month, two months in advance. On special desire of Lord Inchcape such information shall be given four months in advance, but shall then be considered as an estimate only, and not as binding the B.R.C. Quantities up to 500 tons per month beyond the quantities for the delivery of which the B.R.C. may have engaged itself, shall be transported without previous advice, but Lord Inchcape reserves to himself the right to allow or not to allow the maximum monthly quantity of 3,500 tons to be exceeded.

The B.R.C. undertakes to make the necessary arrangements for the timely delivery at Basra of the quantities of goods as advised by it.

Should any of the craft employed by Lord Inchcape for the transport of goods be detained at Basra or at Bagdad for more than four consecutive days by reason of goods not being provided by the B.R.C., or of any delay, neglect, failure, or default in the loading or discharging thereof, the B.R.C. shall pay Lord Inchcape by way of demurrage 4*l.* for the fifth and each following day for each steamer, and 1*l.* for the fifth and each following day for each barge. Claims for demurrage must be presented to the representative of the B.R.C. in time to allow an examination of the respective claim. If the representatives of the parties to this contract disagree about the claim, the final decision

thereon shall rest [at Basra with the British consul, at Bagdad with the German consul.

To the extent to which Lord Inchcape may find it convenient to employ the steamers and barges in other work, demurrage shall be reduced or not charged.

The goods loaded into the barges shall, as far as possible, be taken under lead seal. Lord Inchcape agrees to issue orders to his staff to help and assist as much as possible the employés of the B.R.C. in stating the losses and filing the claims with the insurance companies.

ARTICLE 4.

The goods arriving at Basra by sea steamer and delivered by the latter "from the ship's slings" ("sous palan") will be directly loaded into and properly stowed away in the barges by the B.R.C., but the B.R.C. has the right at any time to take part of the goods to its magazine at Basra, whence they will be loaded by the B.R.C. into the barges.

Lord Inchcape undertakes (accidents excepted) to provide not less than five steamers and eighteen barges for service under this contract and to make every effort to place barges alongside the sea steamers, so that their discharge may be made into these barges with a view to avoid the necessity for landing goods at Basra.

The B.R.C. undertakes to arrange that the stevedoring of the goods in the barges will be properly done, and that the instructions of the skippers of the river craft will be complied with. Any costs which should result from the non-observation of this engagement will have to be defrayed by the B.R.C. The barges arriving at Bagdad will be discharged by the B.R.C. alongside the landing place installed for that purpose. The representative of the B.R.C. has to decide the order in which the loaded barges are to be despatched from Basra to Bagdad.

The bills of lading for the river service will have to be issued and handled in a similar way to that hitherto arranged with Messrs. Lynch Brothers.

ARTICLE 5.

The B.R.C. pays to Lord Inchcape for each ton of 1,016 kilog. loaded at Basra the general rate of 22½ (twenty-two and one half) shillings. This rate will also apply upon all goods shipped and

to be shipped from Basra to Bagdad under the agreement referred to in article 1 hereof, by the Société de Transports Fluviaux en Orient and Messrs. Lynch Brothers, up to the time the present contract becomes operative.

The freight is to be calculated upon the weight stated in the bill of lading of sea steamer. Should this method not be applicable—which may happen in a few instances when goods are taken into the barges from the magazine—the weight shall be fixed at Basra by a representative of the B.R.C. and a representative of Lord Inchcape. The representative of Lord Inchcape shall present not later than the 5th of each month a statement showing the shipments made during the preceding month. The B.R.C., after examination of the statement, but not later than the 15th of each month, shall make payment for the said shipments in London.

Specifications of all the shipments made by the B.R.C. to Basra shall be rendered regularly by the B.R.C. to Lord Inchcape at his London office.

ARTICLE 6.

Lord Inchcape will keep a special account for the steamers and barges engaged in the transport of the goods, crediting to same all receipts and debiting it with all expenses resulting from them, including a depreciation of 18¾ per cent. per annum, on the original cost of the craft purchased for the carrying of the goods, the charge for depreciation to cease when the craft has been written down to 25 per cent. of its original cost. If in any calendar year the special account shows a profit of more than 10 per cent. on the capital used for the purchase of all the necessary vessels actually in service, and accessories, the surplus shall be equally divided between Lord Inchcape and the B.R.C. If Lord Inchcape desires to employ the steamers and/or barges for the transport of goods other than those comprised in this contract, no objection will be raised, provided that the transport of the Bagdad Railway material will in no way be interfered with. The receipts resulting from such other transports shall not be credited to the Special Account, whilst *vice versâ* any expenses resulting from those other transports (over and above those which would have been incurred had no such other cargo been carried) shall not be debited to the Special Account.

ARTICLE 7.

The B.R.C. heretofore, has been compelled to enter into agreements with third parties for auxiliary transports to Bagdad, amounting to 3,000 tons for the year 1913 and 7,200 tons for the current year.

The B.R.C. undertakes not to give any further goods for transport to any other owners of sailing vessels or other craft, provided however that, if Lord Inchcape should—in three consecutive months—transport less than his obligation under article 3 of this contract, the B.R.C. shall have the right to the extent of such deficiency to enter into contracts for shipments on sailing vessels, the amount so shipped to be deducted from the guaranteed minimum of 100,000 tons.

Should Lord Inchcape fail to provide transport for 75 per cent. of the goods tendered for transport according to article 3 hereof, in each of three consecutive months, then, unless that shall be due to any of the causes specified in articles 9 and 10 hereof, he shall refund to the B.R.C. 3 shillings for each ton so tendered and not carried during such period.

Should Lord Inchcape fail to provide transport in each of six consecutive months for 50 per cent. of the goods tendered for shipment according to article 3, then, unless that shall be due to any of the causes specified in articles 9 and 10 hereof, the B.R.C. shall have the right to cancel the present contract without any compensation, and to exercise, in its discretion, in any other manner the right granted to it by article 9 of the Bagdad Convention of the 5th March, 1903.

ARTICLE 8.

This contract comes into force at the date of cancelling the agreements mentioned in article 1 of this contract and expires at the time of completion of the Bagdad Railway down to Basra. Should it be found at the expiration of this contract, that the total quantities shipped from Basra to Bagdad—with due consideration of the terms of articles 2 and 7—fall below the minimum of 100,000 tons, the B.R.C.

agrees to pay to Lord Inchcape a compensation of 11 shillings and 3 pence for each ton less than 100,000 tons.

ARTICLE 9.

Lord Inchcape shall not be liable for any loss of or damage whatsoever to goods, nor for any non-delivery or delay in the delivery thereof, however the same may be caused, and even though the same may be caused by any act, neglect, or default of masters, mariners, or other agents or servants whatsoever of Lord Inchcape.

ARTICLE 10.

Lord Inchcape shall not be liable for any failure to carry out any of the terms of this contract if the same shall be due directly or indirectly to any of the following causes namely :—

The act of God, perils of the seas and rivers, pirates, assailing thieves, arrest or restraint of princes rulers or peoples, seizure by authorities or legal process, enemies, thieves, fire, civil commotions, strikes or lock-outs, storm, fog, flood, shortage of water in the rivers, or any other cause beyond the control of Lord Inchcape.

The B.R.C. shall not be liable for any failure to carry out any of the terms of this contract if the same shall be caused by civil commotions, strikes, or lock-outs occurring at Basra.

ARTICLE 11.

Lord Inchcape has the right to transfer all his privileges and liabilities resulting from this contract to the Ottoman Navigation Company to be formed by him, and upon such transfer, Lord Inchcape shall be discharged from all personal liability hereunder.

ARTICLE 12.

If at any time either during or after the currency of this contract any dispute or difference whatsoever shall arise between the

parties, the same shall except as provided in article 3 hereof be referred to the sole arbitration in London of Herr Richard von Kühlmann, C.V.O., or failing him of an arbitrator to be appointed by the Ambassador for the time being of His Imperial Majesty the German Emperor accredited to the Court of St. James, whose decision shall be final and binding upon the said parties. And the said Arbitrator shall have power to obtain, call for, receive and act upon any such oral or documentary evidence or information as he may think fit, and the costs of the reference and award shall be in the discretion of the said arbitrator, who may direct to or by whom and in what manner the same or any part thereof shall be paid and with power to assess the amount of costs so to be paid or any part thereof.

This contract shall be construed according to English Law.

London, February 23, 1914.

RIESE.

Witness:

R. VON KÜHLMANN.

INCHCAPE.

Witness:

EYRE A. CROWE.

[8369] No. 164.

Sir G. Buchanan to Sir Edward Grey.—(Received February 24.)

(No. 56.)

(Telegraphic.) R. *St. Petersburgh, February* 24, 1914.

I ADDRESSED communication to Ministry for Foreign Affairs in the sense of your telegram No. 99 of 19th February.

Minister for Foreign Affairs to-day received Mr. O'Beirne, as I was indisposed, and explained that he had strong objections to exchange of formal declarations. He argued that declarations which affected Turkish territory and to which Turkey was not a party would be more likely to be unpleasant to Turkish Government than an exchange of notes, and mentioned that he was particularly anxious to do nothing just now to offend Turkey. He further stated that declarations would be more likely to give rise to unfavourable comment in Russian press. Although he admitted that these reasons were not very strong, he greatly hoped that you would consent to exchange of notes, which would be, he said, just as binding.

[8365] No. 165.

Sir L. Mallet to Sir Edward Grey.—(Received February 24.)

(No. 122.)

(Telegraphic.) R. *Constantinople, February* 24, 1914.

YOUR telegram No. 99 of 23rd February: Smyrna–Aidin Railway.

I do not know on what grounds Smyrna–Aidin Company should attach importance to junction of their line with Anatolian system.

It would seem probable that junction of a guaranteed line with a non-guaranteed line would present no advantage to latter, but might open door to further arrangements between Anatolian Railway and Smyrna–Aidin Railway which would end in Germans holding and eventually controlling latter. (End of R.)

(Confidential.)

Barfield sees no advantage in junction. I recommend that he should be asked privately for his private opinion, which is of far greater value than that of any of the foreigners.

[8323] No. 166.

Minute by Mr. Parker.

A MEETING took place at the Foreign Office on the 19th February at which the following were present:—

Herr von Kühlmann.
Dr. Riese (of the Bagdad Railway).
Herr Bergmann (of the Deutsche Bank).
Lord Rathmore, chairman of the Smyrna–Aidin Railway Company.
Mr. Single, director.
Mr. Barfield, general manager.
Mr. Slaughter, solicitor.
Mr. Corbett, solicitor.
Mr. Parker.

It was explained to the Germans that since our last meeting Hakki Pasha had intimated that the Ottoman Government would be opposed to a junction of the Smyrna–Aidin and Anatolian systems viâ Beyshehir town and Konia, though they would agree to one on conditions at Afium Karahissar. The reason of this distinction was understood to be that if the junction took place at the latter place only one-third of the Eski-Shehr–Konia section of the Anatolian Railway would be affected, and the risk of diversion of traffic from the remaining two-thirds would not arise.

It was pointed out to the Germans that the Turks disliked the condition which the Anatolian Company had laid down that if a junction were effected the Anatolian Company must be freed from the so-called "counter-guarantee" for the section from Eski-Shehr to Konia; it was urged that it was unnecessary for the Germans to make such a stipulation, or for the Turks to decline to agree to it, since if the junction took place at Afium Karahissar traffic could only be diverted, if at all, from the part of the line between Afium Karahissar and Eski-Shehr, which was only one-third of the section in question, viz., that from Eski-Shehr to Konia. It might be that the section as a whole would attract much more traffic from the Smyrna–Aidin line than would be diverted to that line from one-third of the section. The Germans admitted that there was force in this point.

We then communicated the attached memorandum regarding the Smyrna–Aidin Company's claim to a concession to navigate Lake Beyshehir.* The German representatives said that the view of the Anatolian Company had been that Beyshehir was decidedly within their zone, and they had irrigation works close to the lake; they admitted, however, that the memorandum contained arguments which had not been before their colleagues in Berlin, and that it put the case of the Smyrna–Aidin Company, so far as they could judge, *primâ facie*, in a convincing manner. They said that the headquarters of the Anatolian Railway were at Constantinople, and they would therefore like to send the memorandum out there for comments, and they promised to let us hear further in a fortnight.

I laid great stress upon the importance which His Majesty's Government attached to getting the right of navigation on Lake Beyshehir for the Smyrna–Aidin Company, and I shall be much disappointed after the language of the German delegates if this point is not conceded.

They then said that, without wishing to be indiscreet, and without pressing us to say anything should we prefer to be silent, they felt that the question of a junction with the Anatolian Railway, especially if it took place as they favoured by a line from Beyshehir to a point below Konia (which, strictly speaking, is the Bagdad Railway),

* Memorandum, February 21, 1914, § 1 [8055].

must depend in some degree upon whether or not the Smyrna–Aidin Company was linked up with Adalia by a line going from Buldur, as such a junction would divert much of the traffic of the Anatolian and Bagdad systems to Adalia. I said that the Italian projects were somewhat vague and indeterminate, but it was useful for us to know the views of the German interests on this question.

A. P.

Foreign Office, February 24, 1914.

[8464] No. 167.

Prince Lichnowsky to Sir Edward Grey —(*Received February* 25.)

(Translation.)

German Embassy, February 24, 1914.

Your Excellency,

UNDER instructions from my Government, I have the honour to transmit to your Excellency herewith the German counter-proposal for the wording of article 6, clause (*b*), of the proposed treaty respecting the Bagdad Railway. Our counter-proposal is substantially identical with the British proposal of February of this year. On legal grounds the Imperial Government consider it undesirable that a wording should be chosen which covers the case of all nations interested in the shipping of the Shatt-el-Arab. Such arrangements would be contrary to the principles which have hitherto been strictly adhered to by the Imperial Government.

The Imperial Government would consider it most appropriate if, after the conclusion of the treaty, the arbiter mentioned in article 6 (*b*), were to be designated for a certain period in advance.

I have, &c.

LICHNOWSKY.

Enclosure in No. 167.

German Counter-proposal for Article 6, *Clause* (b).

ARTICLE 6, clause (*b*). His Britannic Majesty's Government, so far as they are concerned, agree :—

1. That the German consul at Basra shall have the right to correspond with the Commission on matters within its competence ;

2. That, if in any case the Commission fail to meet the reasonable requirements of the commerce of the river and refuse to move the causes of complaint raised by the German consul, the question at issue shall be referred to an impartial expert to be nominated by agreement between the Imperial Ottoman Government, His Britannic Majesty's Government, and the Imperial German Government ; failing agreement, Her Majesty the Queen of the Netherlands shall be invited to designate the expert referee.

The Government of His Britannic Majesty will use their good offices with the Imperial Ottoman Government to ensure that effect is duly given to such recommendations as may be made by the expert referee.

To be put in the explanatory note :

The expert referee shall, if so desired by the Governments concerned, proceed to Basra for the purpose of his enquiry. He shall publish his report within four months after having received all the necessary materials from both sides, or within four months of his arrival at Basra.

The expenses of the enquiry, including the remuneration of the referee, shall be borne in equal shares by the Governments concerned.

[8470] No. 168.

Lord Inchcape to Hakki Pasha.—(*Communicated by Lord Inchcape, February* 25.)

9, *Throgmorton Avenue, London,*

February 24, 1914.

Your Highness,

AFTER the Navigation Concession had been signed last December I wrote a letter, containing the following passage, to the Foreign Office :—

> "I beg to confirm the assurance which I have already given orally that, if so requested by His Britannic Majesty's Government, I will, by a separate contract with the Imperial Ottoman Government, agree to the acquisition by the Bagdad Railway interests of up to, but not exceeding, 40 per cent. of the share capital of the Company (which I am to form to work the Concession) to be allotted to Ottoman subjects at the first allotment, and the right in respect thereof to subscribe for a rateable proportion of any further issues of capital of the said Company after the first allotment of shares.
>
> "In giving the above assurance I am, of course, assuming that the Imperial Ottoman Government will approve any provisions which it may be found necessary to insert in the statutes of the Company in connection with the above-mentioned arrangements."

This letter was written at the request of the Foreign Office, because, I understand with the full cognisance of your Highness and with the concurrence of your Government who had been consulted on the subject, His Britannic Majesty's Government had intimated to the German Government that, on the conclusion of certain pending negotiations, they would "not oppose" such an arrangement as that outlined above.

I understand the attitude of His Britannic Majesty's Government has throughout been that the question of German participation, provided it does not exceed the maximum stated, is primarily a matter for the Ottoman Government to settle in direct agreement with the German Government or the German interests concerned, subject always to the terms of my concession ; and His Britannic Majesty's Government have therefore felt that their attitude should be one of "not opposing" German participation.

Having this in view, I have felt that it would be better for me not to take any initiative with regard to German participation, but to leave it to the Ottoman Government.

Nevertheless, I have, in fact, become acquainted with the views of the German interests concerned, for German representatives have, as your Highness is aware, been in London for the past few days in order to discuss arrangements relating to ferry services and to the transport of railway material by the proposed Ottoman Navigation Company. Such being the case, I feel that it may contribute to a more speedy settlement if I place before you the views which they have communicated to me regarding the concession.

I understand the German interests have no objection to the substance of the concession, but they would very much like an alteration which is purely one of form ; and to which, in accordance with article 14 of the concession, effect might be given in the Statutes. The note attached hereto explains how the necessary provision might be made.

The Germans, I understand, feel that the system of voting on the board by units places them in an invidious position, and they are very desirous that it should be abolished so far as it affects the Ottoman and German directors. As on the board of the Company I have control whether the non-British directors vote separately or by units (inasmuch as I control half the votes on the board and have in addition a casting vote), the change proposed would in no way alter the control, and for this reason it does not appear objectionable to me.

I therefore write to your Highness to say that I should not object to the adoption of the suggestion indicated in the enclosed note ; but I could not agree to any changes whatsoever in the concession as signed on the 12th December, 1913.

It may facilitate your negotiations with the Germans to know my attitude.

I would also add that as I am leaving for Egypt early next month, and wish

before my departure to have all matters finally settled, I can only leave open my offer until the 7th March.

I have explained my attitude to the German representatives.

I am,
Your Highness's obedient Servant,
(Signed) INCHCAPE.

H. H. Hakki Pasha,
Claridge's Hotel,
Brook Street, W.

Each director shall have one vote at each meeting of the board unless the chairman of the board, or in his absence the vice-chairman of the board, shall decide that the directors nominated by the concessionnaire or the chairman of the board are to vote as a unit, in which case such last-mentioned directors shall constitute a unit and the unit so constituted shall have votes equal in number to the number of the other directors present at the meeting and voting. The votes of the unit so constituted shall be given in accordance with the decision of the majority of members of the unit present at the meeting: and in case the members of the unit shall be equally divided the chairman of the board, or in his absence the vice-chairman of the board, shall be entitled to a casting vote (in addition to his vote as a member of the unit) in determining how the vote of the unit shall be given.

On the occasion of any such decision as aforesaid the chairman of the board, or in his absence the vice-chairman of the board, shall have a casting vote in addition to his vote as a member of the unit.

The directors other than those nominated by the concessionnaire or the chairman or the vice-chairman of the board shall not vote as a unit at any meeting of the board.

[8421] No. 169.

Anglo-Persian Oil Company to Foreign Office.—(*Received February* 25.)

Winchester House, Old Broad Street, London,
February 24, 1914.

Sir,

WITH reference to my letter dated the 18th instant regarding the alleged application by Ronald Henry Silley and Mahomed Fakri for oil concessions in the Basra district and Nejed, I have the honour to forward, for the information of His Majesty's Government, copies of reports on Koweit and Bahrein which have been received by this mail from the company's geologist, Mr. Lister James, who accompanied the Admiralty Commission on their tour through the Gulf.

As these reports are promising, especially that on the localities examined in Koweit, and as it is believed the Government would be greatly averse to the acquisition of oil concessions in these regions by third parties, it seems important that this company should lose no time in applying for exclusive licences to prospect for oil both in Bahrein and Koweit, and my board would be glad to have the advice of His Majesty's Government as to the steps they should take with this object.

It is understood that Bahrein is neither Turkish nor Persian, but under British protection, also that Koweit is autonomous, and that the Sheikh has power to grant concessions within his own territory without reference to the Turkish Government. In these circumstances it is assumed that the company's applications should be addressed to the Resident at Bushire, and if His Majesty's Government are in favour of the concessions being granted to this company I am to suggest that the Government of India and the Resident might be so informed.

I have, &c.
C. GREENWAY,
Managing Director.

Enclosure in No. 169.

Geological Notes on Certain Areas in the Persian Gulf.

NOTES are given below on the localities visited in company with the Admiralty Commission. The remarks on Kishm and Lingah will be found almost identical with the notes submitted to the Commission.

During this tour I have had the benefit not only of exceptional facilities for visiting the places enumerated but also of free discussion with the other members of the party of all evidence obtained.

The following is a list of the localities visited :—

Koweit.	Hormuz Island.
Bahrein Island.	Bunder Abbas.
Kishm Island.	Sarzeh District.
Lingah.	Jashk.

Koweit. (1.) *Northern Locality.*

At a point north of Koweit (roughly latitude 29° 37′ 30″; longitude 48° 2′ 0″)), about 6 miles from the edge of the bay, bitumen has been discovered at a depth of 6–9 feet. The substance is said to be liquid enough to flow quite easily in summer. The well in which it was found has now fallen in.

The deposit is said to be probably quite as large in extent as that at Burgan.

We were unable to reach the place, but Captain Shakespear, the British consul at Koweit, subsequently went there. He sent particulars, together with samples, to Admiral Slade, who kindly allowed me to take the above notes therefrom.

Koweit. (2.) *Southern Area, Burgan.*

Introduction.—Burgan is situated about 30 miles southward of Koweit town on the Arabian coast and 14 miles from the shore. From the latter it is separated by gently undulating sandy desert sparsely covered with low scrub.

Recent shells were observed from time to time on our journey inland.

The area itself is marked by a small range of low hills rising to a height of about 100 feet above the plain. It was previously visited by Mr. E. H. Pascoe earlier in the year.

Strata.—The beds exposed represent a thickness of about 100 feet, and consist largely of siliceous grits with or without a pure white cementing material resembling kaolin. Gypsum beds occur interstratified with these, a thickness of about 8 feet being observed in one exposure. Coloured clays (yellow and brown) are seen at the southern extremity of the hills, where red oxide of iron is associated with them.

A thick conglomeratic sandstone forms the capping of some of the highest hills. Mr. Pascoe found a similar bed at the summit of Warah Hill, about 5 miles further northward.

This is in all probability identically the same horizon.

The strata in general are loosely compacted, but the arenaceous beds are protected from disintegration by a partial silicification which forms a hard outer crust or an irregular core.

The age of the deposits is at present uncertain. The only evidence suggestive of correlation with the Fars series is the occurrence of gypsum beds, but these are very different in appearance from those observed in the Fars. They are far less consolidated, and much more resemble those of the recent deposits seen near Koweit on the opposite side of the bay. The highest terraces in this neighbourhood should be examined with a view to possible correlation with Burgan.

Structure.—No proof was forthcoming that these strata have been affected by any folding movement. Disregarding local dips, due probably to irregularity of deposition, horizontality appears to prevail over the whole exposure, and, indeed, to extend over the intervening plain to Warah Hill, about 5 miles away. This is indicated by the existence there of the conglomeratic sandstone previously mentioned.

Indications of Oil.—A fairly large deposit of asphalted sand occurs at the surface in the midst of the area, while the substance has also been found in pits dug both in the immediate neighbourhood and at a distance of, perhaps, half a-mile.

The asphalt is surrounded by desert sand, its original source being entirely concealed.

Concluding Remarks.—With our present knowledge, the strata exposed throw no light on the occurrence of the asphalt or the prospects of oil production.

These strata must therefore be disregarded for the present. Attention may, however, be drawn to certain general considerations :—

1. The occurrence of asphalt obviously indicates the presence of an oil-bearing series beneath whether it be the same series as that exposed or a lower unconformable one.
2. If the asphalt be derived from a lower unconformable series, the latter may either outcrop entirely in monoclinal structure or may come practically to the surface as a partially denuded anticline. In either case the area should be worth testing.
3. It is worthy of note that this area is far distant from any mountain chain which might form the axis of a folding movement affecting it.

As it is the general rule for anticlinal folds to become gentler with increasing distance from such, it seems highly probable that any flexures which may have been formed in this region are merely gentle undulations conforming in direction with the Persian ranges. In fact, the structure is likely to be very favourable for oil.

It may be remarked here that the outcrop of Fars strata near Basra, as indicated on Dr. Pilgrim's map, might afford further evidence as to the probable degree of folding attained along this strike.

It will be seen that on general theoretical grounds the area certainly appears to be promising, and it is on such grounds alone that any judgment can be formed at present.

It would seem advisable before drilling a deep test-well to determine the structure by sinking a few shallow wells suitably placed.

Bahrein.

This island is situated close to the Arabian Coast, about half-way down the Persian Gulf. Three or four days were occupied in the examination.

Physical Features.—From all sides the ground inclines gently up towards the centre of the island, the rise terminating in a more or less precipitous drop. This cliff follows a line approximately parallel with the shore, thus forming a central oval basin with only one outlet to the sea—on the western side. From this depression a small central range of hills (Jabel Dukhan) rises abruptly to a height of about 420 feet, while smaller isolated hills are seen here and there.

The presence of shells shows that the sea has occupied the central depression in comparatively recent times.

The singular form of denudation is strongly suggestive of the tidal action of a retreating sea.

Strata.—A total thickness of about 230 feet is exposed, according to independent estimates made by Mr. E. H Pascoe and myself. The strata are of eocene age, as proved by the presence of certain nummulites, first discovered by Dr. Pilgrim, and the identity of which was recognised by Mr. Pascoe. Well-bedded limestones are characteristic of the lowest portion of the exposed series. Pink marl and irregular limestone follow, with quartz geodes and flints; while the remainder of the section is composed of brilliant white chalk, chalk marls, "biscuit shale," and irregular nodular limestones. The limestones, which are usually white or cream-coloured within, are very thick in places, but they change rapidly to chalk marl, the transition stage being represented by a network of pitted limestone nodules in a matrix of soft chalk marl. The full thickness exposed in the island is represented in the central hills (Jabel Dukhan) and the vicinity. Here the limestones attain their greatest development, and, but for an almost continuous section, the correlation of this outlier with its representatives on the flanks would be attended with difficulty. Nummulites and ostrea (?) elegans are found amongst the uppermost strata.

Structure.—The island represents a large, very gentle, elongated dome striking in a direction approximately north and south.

The dip on the eastern flank is not more than 2 or 3 degrees, but on the western side the angle is apparently slightly steeper.

The section given by Dr. Pilgrim exaggerates the structure considerably.

Oil Indications.—The discovery of asphalt at Ain-el-Ghar was made by a Bedouin in an attempt to find water, the place being situated about 3 miles south south-east of Jabel Dukhan.

An investigation was subsequently carried out by Mr. Gaskin, then assistant political agent. Five pits were dug, ranging in depth from 21 to 38 feet. Asphalt was found in three of these at depths of 24, 27, and 22 feet.

The pits were sunk through a superficial sandy deposit, filling what was formerly a small ravine.

A vesicular-bedded limestone crops out a short distance north of the asphalt deposit, which latter in all probability represents a seepage from this horizon. This rock occupies a position low in the series.

Concluding Remarks.—The eocene is not known to be generally petroliferous in this part of the world, so that this may be only an erratic occurrence.

Moreover, the strata are not of the type usually associated with an oil series.

Nevertheless, in view of the definite occurrence of asphalt and of the ideal nature of the structure, it appears inadvisable to ignore the area before testing with a fairly deep well. Shallow wells also might yield good results from the outcropping oil rock if placed a considerable distance down the dip from its exposure.

[8461] No. 170.

Sir L. Mallet to Sir Edward Grey.—(Received February 25.)

(No. 123.)
(Telegraphic.) R. *Constantinople, February 24, 1914.*

YOUR telegram No. 98 of 21st February : Riverain Commission.

The 8 per cent. was the only revenue which the Porte were free to deal with independently.

Duties in excess of 8 per cent. are all paid direct to Debt, 75 per cent. being returned ultimately to the Government by instalments.

The Turkish Government would not therefore have the right to [two groups undecypherable] and earmark at its source any portion of these surtaxes, as Debt would regard it as an infringement of Decree of Muharrem

I am therefore asking the Porte to agree that necessary loans shall be secured on surplus customs revenues without specifying basis. (End of R.)

(Confidential.)

Crawford assures me that the Porte will consent.

[8515] No. 171.

Sir Edward Grey to Sir L. Mallet.

(No. 101.)
(Telegraphic.) R. *Foreign Office, February 25, 1914.*

MEETING between Nogara and Smyrna representatives took place at Foreign Office yesterday.

It was agreed that outline for following schemes should be discussed at further meeting to-morrow :—

(*a.*) Italians to build and work line from Foulla to Adalia, giving Smyrna Company assurances that 40-kilom. zone will be respected, and that traffic facilities will be afforded in event of future junction.

(*b.*) Smyrna Company to hand over to new Anglo-Italian Company section of their line east of Karakeui to be worked in conjunction with line from Buldur to Adalia, the whole to receive guarantees from the Ottoman Government.

In such a company Smyrna interests would predominate. Possibly Smyrna Company may submit a third scheme as follows :—

(*c.*) Anglo-Italian Company to build and manage railway from Buldur to Adalia and port at Adalia ; guarantees for construction and working to be granted by Ottoman Government ; traffic facilities for Smyrna Company to be secured ; possibly Italian interests on such a line to predominate.

It would be essential conditions of any junction (1) that Smyrna Company s lines east of Karakeui should receive guarantees from Ottoman Government; (2) that, in event of German line being built from Beyshehir to Konia, similar freight charges should be enforced for transport from Beyshehir to Mersina and from Beyshehir to Adalia. This would be one *sine quâ non* of withdrawal of German opposition to Smyrna Company's request for navigation rights on Lake Beyshehir.

The procedure now contemplated is that we should endeavour to reach provisional agreement with Italians, then with Germans, and finally submit proposals to Ottoman Government. Until we are in a position to submit such proposals in definite shape, it will be advisable to avoid any discussion with Ottoman Government.

Scheme (c) has not yet been broached with Italians or approved by Smyrna Company, and should not, therefore, be mentioned to your Italian colleague at this stage.

Nogara admits that any line from Adalia northwards must be guaranteed.

(Repeated to Rome, No. 52.)

[8369] No. 172.

Sir Edward Grey to Sir G. Buchanan.

(No. 106.)
(Telegraphic.) R. *Foreign Office, February* 25, 1914.

YOUR telegram No. 56 of 24th February: Shatt-el-Arab Riverain Commission.

Please inform Minister for Foreign Affairs that, in deference to his wishes and in view of his assurance that Russian Government would consider themselves as much bound by exchange of notes as by declarations, I agree to former procedure. I hope exchange may take place at once.

[8630] No. 173.

Mr. Slaughter to Mr. Parker.—(Received February 26.)

Dear Mr. Parker, 18, *Austin Friars, London, February* 26, 1914.

I DULY received your telegram of this morning, for which I am much obliged. I had, in fact, already outlined a letter to be written to you setting out the Smyrna-Aidin Company's reasons for submitting at to-day's meeting only the scheme which Messrs. Barfield and Corbett discussed with you last night. Perhaps when you have read this letter you will be good enough to hand it to Sir Eyre Crowe so that he may be informed of the present position.

At our interview at the Foreign Office on the 24th instant two schemes were discussed, namely :—

Scheme A.—That the demands of the Ottoman Government for the two new southern lines should be withdrawn, that no Bouldour-Adalia line should be built without the company's permission, and that no objection should be offered by the Smyrna-Aidin Company to the construction by the Italians of a line from Adalia to Foulla.

Scheme B.—That a joint Anglo-Italian Company under British control should be formed to take over the Eghirdir extension and to construct and operate the Beyshehir extension and the Bouldour-Adalia line, under guarantees from the Ottoman Government.

Immediately after the interview Signor Nogara stated very definitely that while he was quite prepared to consider scheme B it must be clearly understood that for political reasons in Rome the control of the Anglo-Italian Company must be vested in the Italians, and that he did not think his Government would allow him to agree to the control remaining in British hands.

Yesterday morning I received from you a telegram outlining a third scheme, namely : —

Scheme C.—That the Smyrna-Aidin Company should retain and work the Eghirdir and Beyshehir extensions under guarantee from the Ottoman Government, and that the joint Anglo-Italian Company should construct the Bouldour-Adalia line and a port on

the Gulf of Adalia, but that the control should be in the hands of the Italians. Full traffic and port facilities to be afforded the Smyrna-Aidin Company.

Mr. Barfield came to see me yesterday morning in order to discuss the three schemes and assist me to prepare the necessary statements.

Both Mr. Barfield and I felt very strongly that, in view of Signor Nogara's attitude and of the despatch read by Prince Borghese as to the Grand Vizier's attitude towards Hakki Pasha's demands for the construction of the two new southern lines and the hostility of the Germans to the construction of the Bouldour-Adalia line, scheme A offered the line of least resistance while being, on the whole, the most attractive to the Smyrna-Aidin Company.

In preparing scheme A, which you have seen, we acted upon the following two cardinal assumptions :—

(1.) That the Italians can persuade the Ottoman Government to withdraw Hakki Pasha's demand for the construction by the Smyrna-Aidin Company of the two new southern railways.

(2.) That effective steps can now be taken permanently to protect the company's 40-kilometre zone.

Owing to the very short time at our disposal, we centred our efforts yesterday on the preparation of scheme A for the reasons just stated, but I do not wish you to be under the impression that the Smyrna-Aidin Company is not prepared to give schemes B and C the fullest consideration, and if either of the two assumptions above mentioned is incorrect, then the Smyrna-Aidin Company must inevitably seek a solution in schemes B or C.

In any consideration of scheme B, however, the Smyrna-Aidin Company attaches cardinal importance to the control of the new lines being in British hands. In order to secure this control the company is prepared, as commercial compensation to the Italians, to cede part of their existing line and the valuable Beyshehir extension now to be constructed to the new Anglo-Italian Company, which would add greatly to its commercial strength, and would no doubt weigh heavily with the Ottoman Government when considering the question of guarantees.

If the Smyrna-Aidin Company find that schemes A and B are neither acceptable, they will certainly endeavour to find a solution on the lines of scheme C; but they do feel very strongly that, if scheme A proves to be impossible owing to the attitude of the Ottoman Government, every effort should be made to obtain scheme B before scheme C is put forward.

Yours very truly,
W. CAPEL SLAUGHTER.

[8655] No. 174.

Papers communicated by Signor Nogara, February 26, 1914.

(1.)

Constantinople, le 20 *juillet*, 1913.

A son Excellence le Ministre des Travaux publics,

LA Société commerciale, industrielle et financière et son groupe ayant décidé de contribuer au développement économique de la région de l'Empire ottoman en Asie Mineure qui se trouve être limitée entre la mer Méditerranée sud-orientale et les lignes de chemin de fer exploitées par les Sociétés respectivement de Smyrne-Aïdin, d'Anatolie, de Bagdad et de Mersine-Tarsous-Adana, sollicite du Gouvernement Impérial un contrat d'études en vue d'obtenir la concession ou les concessions pour l'établissement dans la susdite région de l'Asie Mineure d'un réseau de voies ferrées ainsi que d'un port commercial dans le golfe d'Adalia. Vu l'absence d'une carte topographique de cette région pouvant permettre dès à présent la fixation même approximative du tracé des lignes de chemin de fer susvisées et des points de leur débouché à la mer, la nécessité s'impose de faire exécuter sur les lieux mêmes par une commission technique une reconnaissance préliminaire afin de déterminer un programme de travaux qui peuvent être exécutés.

Avant de procéder aux frais qu'une telle commission comporte, le soussigné, au

nom et pour compte de la susdite Société, prie votre Excellence de vouloir bien lui communiquer l'accord du Gouvernement Impérial sur la présente demande et de bien vouloir lui donner l'autorisation d'effectuer sur les lieux les reconnaissances préliminaires nécessaires pour déterminer l'objet du contrat d'études à intervenir ultérieurement entre la Société susdite et le Gouvernement Impérial. Il est toutefois d'ores et déjà entendu que le Gouvernement Impérial accordera à la susdite Société un délai de douze mois pour effectuer les reconnaissances préliminaires sur les lieux, que le délai pour la présentation des projets définitifs qui formeront l'objet du contrat d'études est d'ores et déjà fixé à trois ans et que pour un délai ultérieur de trois ans la susdite Société aura un droit de priorité sur les concessions demandés. Il est aussi entendu que pendant les délais respectivement de douze mois et trois ans le Gouvernement Impérial ne donnera ni les autorisations similaires pour la susdite région ni de concessions visant les mêmes objets.

Pour la Société commerciale, industrielle
et financière,
A. HALADJIAN.

(2.)

Réponse du Ministère des Travaux publics de l'Empire ottoman.

(Traduction du turc.)
A la Société commerciale, industrielle et financière et à M. Aram Haladjian,
agissant au nom du groupe de la susdite Société en ville,

Nous avons étudié votre pétition datée du 20 juillet, 1329, par laquelle votre Société, ainsi que le groupe dont vous faites partie, sollicite l'établissement d'un réseau ferré entre les lignes exploitées par la Société des Chemins de Fer d'Aïdin, d'Anatolie, de Bagdad, de Mersine et la mer Méditerranée, ainsi que l'établissement et l'exploitation d'un port commercial dans le golfe d'Adalia.

Vous nous demandez, en même temps, un délai de douze mois pour effectuer les études préliminaires vu l'absence d'une carte topographique de cette région, fixant le parcours de ces lignes et déterminant le point de départ de la côte ; ainsi que trois ans pour l'élaboration et la présentation des projets d'études définitifs. Vous nous demandez, en outre, le droit de préférence pour les susdites concessions demandées par la Société pendant un délai de trois ans et que dans ce délai le Gouvernement Impérial n'accorde à aucune autre personne les mêmes concessions et autorisations.

En effet, vu l'absence d'une carte topographique complète de la susdite région, nous autorisons ces études, qui doivent être effectuées exclusivement dans la susdite région pendant le délai d'un an à partir d'aujourd'hui, pour l'élaboration d'un programme relatif aux lignes projetées. Toutefois, le Ministère se réserve le droit d'accepter ou de rejeter le programme qui sera élaboré relativement au susdit réseau. Les conventions définitives pour les études doivent être élaborées et échangées conformément à la décision ministérielle imprimée et publiée en date du 7 octobre, 1326.

Les projets définitifs des lignes mentionnés dans le programme, qui seront acceptés par le Gouvernement, doivent être élaborées conformément à la susdite décision ministérielle ; les plans définitifs seront élaborés et échangés dans un délai de quatre ans, pendant lequel le Ministère n'accordera à d'autres personnes de concessions relatives aux lignes indiquées dans la convention.

Le Ministre des Travaux publics,
OSMAN NIZANI.

Le 14 *ramazan*, 1321 (4 *août*, 1329).

(3.)

Demande de Concession au Ministère des Travaux publics pour la Construction de Chemins de Fer et Ports dans la région d'Adalia.—(Présentée le 11 *février*, 1914.)

Constantinople, le 1914.

Honorable Ministère des Travaux publics de l'Empire ottoman, Constantinople,

La Società commerciale, industriale e finanziaria, Société anonyme dûment constituée en date du 4 (17) juillet, 1913, par sa requête en date du 7 (20) juillet, 1913, avait demandé au Ministère des Travaux publics l'autorisation de faire des

études, en vue d'obtenir ensuite les concessions relatives, pour établissement d'un réseau de chemins de fer et d'un port commercial à Adalia, dans la région de l'Asie Mineur, qui se trouve être limitée entre la mer Méditerranée et les lignes ferrées exploitées par les Sociétés de Chemin de Fer de Smyrne–Aïdin, d'Anatolie, de Bagdad et de Mersine–Tarsous–Adana.

Le Ministère des Travaux publics par son teskéré en date du 4 (17) août, 1913, autorisait la susdite Société à faire les études susdites, et, notamment, lui accordait un an pour les études préliminaires et quatre ans pour la rédaction définitive des projets techniques se référant aux travaux de chemin de fer et ports que la Société d'accord avec votre honorable Ministère aurait décidé d'établir dans la susdite région.

Les premières études ayant été terminées et la Société soussignée se trouvant dans la possibilité de prendre avec le Gouvernement Impérial ottoman les engagements que l'obtention d'une concession définitive impose à tout concessionnaire, dès à présent elle sollicite de votre Ministère la concession pour la construction et l'exploitation pour la durée de quatre-vingt-dix ans des lignes de chemin de fer et ports ci-dessous indiqués :

1. Chemin de fer partant d'Adalia et destiné à relier cette localité à Kizilkaïa Bazar–Istanos–Elmaly avec embranchement reliant cette ligne à Kaz Tchiflik, tous ces points se trouvant en dehors de la zone de 40 kilom. réservée à l'exploitation de la Société du Chemin de Fer Smyrne–Aïdin et prolongements ;
2. Port, quais et entrepôts dans la localité d'Adalia ou dans ses environs, relié avec le chemin de fer indiqué ci-dessus ;
3. Chemin de fer partant d'Adalia et destiné à relier cette localité avec les vallées Ak-Sou–Keupru-Sou–Ville d'Alaja et prolongements ;
4. Chemin de fer partant de Makri et destiné à relier cette localité avec la vallée de Dalamann et Moughla au nord, et avec la vallée du Sedjiler Tchaï (Sirbie) à l'est, ces points se trouvant aussi en dehors de la zone de 40 kilom. réservée à l'exploitation du Chemin de Fer Smyrne–Aïdin et prolongements ;
5. Quais de chargement et de déchargement dans la baie de Makri et reliés au chemin de fer ;
6. Faculté exclusive réservée à la Société de pourvoir dans un délai de dix années à la création et à l'exploitation industrielle des forces hydrauliques pouvant se trouver dans la région.

Les plans définitifs des travaux susmentionnés seront déposés à votre honorable Ministère dans le délai de deux années, à partir de la date de l'octroi définitif de la concession, et les travaux seront commencés dans le délai de trois mois après l'approbation des susdits plans.

La question du service d'intérêts et d'amortissement du capital à engager dans les constructions précitées, la question des frais et bénéfices d'exploitation ainsi que celles afférentes aux questions techniques de construction et exploitation formeront l'objet de la convention et du cahier des charges, pour examiner et établir lesquels la Société soussignée est à l'entière disposition de votre honorable Ministère.

Société anonyme ottomane commerciale,
industrielle et financière,
A. HALADJIAN.

[8461] No. 175.

Sir Edward Grey to Sir L. Mallet.

(No. 103.)
(Telegraphic.) R. *Foreign Office, February* 26, 1914.

YOUR telegram No. 123 of 24th February : Shatt-el-Arab Riverain Commission.

Does Crawford consider that under arrangement proposed there would be real security that money will be available ? Would the Ottoman Debt be responsible for paying coupons of loan out of customs surpluses in their hands ?

[8567] No. 176.

Sir Edward Grey to Sir L. Mallet.

(No. 104.)
(Telegraphic.) R. *Foreign Office, February* 26, 1914.

MY telegram No. 101 of 25th February : Italian negotiations with Smyrna–Aidin Company.

Further meeting with Nogara took place to-day, when provisional agreement was arrived at on following basis, which is distinguished as scheme (*d*), and is dependent upon the conditions indicated in paragraph 7 of my above-mentioned telegram and concurrence of Anatolian Railway :—

Italian Company to build lines indicated in mauve and green on map annexed to "Turkey" print, 20th January, section 2 ; Smyrna Company to build line from Buldur to Kizil Kaya.

Lines north and south from Kizil Kaya to be guaranteed.

Smyrna Company to have all facilities over Italian line to Adalia, and, in the event of disagreement, reference to be made to arbitrator to be appointed by Board of Trade. Smyrna Company to have one or more directors on board of Italian Company.

Port of Adalia to be built by separate Italian Company, and, as there is apparently no precedent for harbour guarantees in Turkey, Nogara states in confidence that he will obtain special allowance out of Italian shipping subsidy.

The above proposals are to be embodied in an agreement which it is hoped may be initialled *ad referendum* on 3rd March ; but it is understood that they are provisional pending assent of Anatolian Railway, with which Smyrna Company, including Barfield, are now anxious to work in co-operation.

Should Turkey decline guarantees, we must fall back on scheme (*a*).

We are still anxious to defer all discussion with Ottoman Government until we are in definite agreement both with Italians and with Germans.

(Repeated to Rome, No. 54.)

[8567] No. 177.

Ottoman Railway from Smyrna to Aidin.

Preliminary draft of the basis of negotiations which the Smyrna–Aidin Company is prepared to discuss if the Bouldour–Adalia branch is not constructed either at the present time or at any future time without the consent of the Smyrna–Aidin Company.

1. THE Italians to procure that the Ottoman Government shall unconditionally withdraw its demand that the Aidin Company shall construct :—

(*a.*) A line connecting the Port of Adalia with the Company's existing branch line to Lake Bouldour,

with the exception of that portion of the line extending from the Town of Bouldour north-eastwards to the point where the Lake Bouldour branch under the 1906 Concession now ends.

(*b.*) A line of railway from a point on the Aidin Company's main line to Marmarice viâ Mougla,

with the exception of that portion of the line north of the Town of Tchina.

2. The Aidin Company not to object to the Italians' application to the Ottoman Government for the granting of a Concession to construct :—

(*a.*) A line from Makri to Mougla and the Makri–Sibris valley.

(*b.*) A line from Adalia terminating at Istavros.

(*c.*) A line from Adalia to Kizilkaia and thence to Istanos and Elmaly with a short branch from Kizilkaia to Foulla.

(*d.*) A port or ports on the Gulf of Adalia.

(*e.*) A port at Makri.

3. No line of railway to be constructed without the Aidin Company's consent north of Foulla joining or approaching the Italian lines.

4. The traffic of the Aidin Company's 40-kilomètre zone not to be tapped by automobile or other organised services of any kind, either by the Italians or third parties.

5. The Italian rates to and from seaports and their neighbourhood not to be lower than the rates arrived at by deducting 3 piastres (lira at 100) per quintal from the Aidin Company's corresponding rates between Bouldour and Smyrna, and the Aidin Company and the Italians not to compete for the traffic of the districts intermediate between the Italian Railways and the Company's Railways.

6. Neither the Aidin Company nor the Italian Company to quote through rates from and to stations and districts on the railways of the other.

7. The Italians not to construct railways north or west of Mougla without the Aidin Company's consent.

8. The Italians not to parallel the Aidin Company's Railways along their 40-kilomètre zone.

9. The Italians not to propose to or accept from the Ottoman Government or to approach the Aidin to obtain their consent to the grant of any Concession for the construction of any line north of Foulla or any line through the Aidin Company's zone or joining or crossing the Aidin Company's Railways except upon the following terms :—

(*a.*) That the Aidin Company shall be given

an adequate and properly secured guarantee sufficient in their opinion to safeguard the then existing traffic on their system and any further increase of traffic.

(*b.*) The Italians to give the Aidin Company, for their traffic to and from and at their port or ports on the Gulf of Adalia, the fullest facilities, including running powers if demanded at any time by the Aidin Company.

(*c.*) Identical rates to be agreed between the Aidin Company, the Italians, the Anatolian Railway, and the Bagdad Railway from any competitive points to and from all seaports; such rates to include all port and other charges.

10. No Italian opposition to the Aidin Company's request from the Ottoman Government for the Concessions for which it has already asked and to a further Concession to extend the Lake Bouldour branch to the Town of Bouldour.

11. A declaration to be obtained by the Aidin Company and the Italians jointly from the Ottoman Government that the Aidin Company's 40-kilomètre zone shall be respected during the whole term of the Aidin Company's Concessions or any extensions thereof, and the British and Italian Governments to take official note of this declaration.

The above proposals to be strictly conditional upon :—

(*a.*) The Smyrna–Aidin Company being granted a Concession for the construction of their proposed extension between Lakes Eghirdir and Beyshehir, and for the navigation of Lakes Eghirdir and Beyshehir.

(*b.*) If the Bagdad Railway Company, by agreement with the Imperial Ottoman Government, build a line from their main line to Lake Seidishehir or a point adjacent thereto, the said Company and the Smyrna–Aidin Company to have the right at any time by agreement with each other to effect a junction near the town of Beyshehir.

(*c.*) Identical tariffs to be applied for all classes of goods and for passengers to and from Beyshehir and other competing points and all sea ports.

(*d.*) The above arrangement to be incorporated in a formal agreement of which the British, Italian, German, and Ottoman Governments shall take note.

London, February 26, 1914.

[9553] No. 178.

Minute by Mr. Parker.

M. DE FLEURIAU called to-day and communicated a copy of a map showing the agreement arrived at by the French and German groups respecting railways in the Aleppo region. It is being manifolded.

He said that a few weeks might elapse before the French and German Governments confirmed the agreement, as the French Government were anxious that a French Company should take over the management of the Hedjaz line and wished to obtain an assurance that there would be no opposition on the part of the German Government, and the German Government wished to extend the agreement reached as to railways so as to include other concessions, such as those for petroleum. Each Government was to declare that within certain regions of Asiatic Turkey it would not support claims for such concessions.

A. P.

Foreign Office, February 27, 1914.

[8952] No. 179.

Sir L. Mallet to Sir Edward Grey.—(*Received February* 28.)

(No. 127.)
(Telegraphic.) R. *Constantinople, February* 27, 1914.

YOUR telegram No. 103 of 26th February: Shatt-el-Arab Revision Commission.

Crawford says that there would be real security because "excédents" of the customs surtaxes would be paid into the Debt and the contract would authorise the Debt to pay over annuity before crediting the Government with any portion of "excédents" which in the ordinary course would be allocated to the Minister of Finance.

Please read "surtaxes" after "customs" instead of "revenues" in my telegram No. 123 of 24th February.

In case I am asked to give approximate figure of loans required, what should I reply?

[8985] No. 180.

Sir L. Mallet to Sir Edward Grey.—(*Received February* 28.)

(No. 128.)
(Telegraphic.) R. *Constantinople, February* 28, 1914.

YOUR telegram No. 106 of 27th February.

So far as Mosul and Bagdad are concerned, I have been investigating the validity of Silley's application and will reply as soon as possible.

As regards Basra and Nejd, Silley made his application direct to the local authorities and has asked the consul at Basra to recommend local agent. The consul has asked my advice.

As D'Arcy has apparently no claim to Basra and Nejd I presume that the consul should comply with his request, but will await your instructions. The consul is unaware of oil deposits at Basra and knows nothing of Nejd.

[8986] No. 181.

Sir L. Mallet to Sir Edward Grey.—(*Received February* 28.)

(No. 129.)
(Telegraphic.) *Constantinople, February* 28, 1914.

YOUR telegram No. 104 of 26th February.

I notice that under scheme (*d*) the British company do not participate in the Makra–Mougla line and that no arrangements are made with a view to the possible extension of that line.

It appears from the print of 17th February, section 2, that the Turkish Government offer the English company a concession for a line connecting the Aidin line with Marmarice viâ Mougla.

Both the Turks and Italians may therefore contemplate the prolongation of this line later on, and the same difficulties may arise as in the case of the Adalia–Buldur line.

In view of the great importance of Marmarice harbour, which is more valuable as a naval base, according to my information, than Stampalia or any Greek island, I had hoped that Anglo-Italian co-operation would comprise this line also, whereas if the Italians succeed in obtaining the Makra–Mougla concession Marmarice Bay will be claimed as being within their exclusive sphere of influence. The Italians are looking ahead and to the partition of the Turkish Empire in the not far distant future, and there are grounds for thinking that they regard Adalia and Marmarice as of more importance than the retention of the islands.

Real co-operation between the Italians and the English company would be welcomed by the Minister of Public Works, who, I imagine, will be loth to give the Makra–Mougla line to the Italians alone. We are therefore in a position to be of service to the Turks and Italians while benefiting our own interests.

I suppose that there would in no case be any question of my supporting the Italian demand for the Makra–Mougla line.

[8952] No. 182.

Sir Edward Grey to Sir L. Mallet.

(No. 107.)
(Telegraphic.) R. *Foreign Office, February* 28, 1914.

YOUR telegram No. 127 of 27th February: Shatt-el-Arab Riverain Commission.

This year loan not exceeding 50,000*l.* would be required, next year 100,000*l.*, and within three years loan not exceeding 1,000,000*l.*

These figures are only approximate, but it will suffice provisionally if you can obtain assured security for such amounts.

[6774] No. 183.

Sir Edward Grey to Sir L. Mallet.

(No. 103. Very Confidential.)
Sir, *Foreign Office, February* 28, 1914.

WITH reference to my despatch No. 444 of the 12th December last to your Excellency, respecting the employment of British officers in the Turkish fleet, I have come to the conclusion on further consideration that it would be better to reply to the request of the Turkish Government in terms other than those originally suggested to the Admiralty in the Foreign Office letter of the 11th December, of which a copy was enclosed in that despatch.*

I transmit to your Excellency herewith copies of further correspondence on the subject, ending with a letter from the Admiralty concurring in the draft of a note which I had proposed to address to Tewfik Pasha.† In view of the suggestion made by the Lords Commissioners of the Admiralty in paragraph 3 of that letter, with which in substance I do not disagree, it appears to me preferable that any communication should be made through your Excellency and not through the Turkish Ambassador.

Not only the purport, but also the form and occasion of such a communication are matters of some delicacy. On the one hand, I could not properly commit His Majesty's Government to the principle that British naval officers, even if retired, may expect to be restored to the Navy List after a period of active war service under a foreign Government, whilst, on the other hand, I am anxious to show all possible readiness to meet the wishes of the Turkish Government.

In these circumstances I think it right to leave it entirely to your Excellency's judgment whether to address the Porte officially, either verbally or in writing, or whether to restrict yourself to an unofficial communication, or even to conveying a

* Admiralty, December 11, 1913 [56002].
† Admiralty, January 13, 1914 [1836]; Draft to Tewfik Pasha [1836]; to Admiralty, January 29 1836]; Admiralty, February 13, 1914 [6774].

message through Admiral Limpus to the Turkish naval authorities. Whatever be the form chosen, the material for a suitable communication will be found in the draft note to Tewfik Pasha and the Admiralty letter of the 13th instant.

I am, &c.
E. GREY.

Enclosure in No. 183.

Draft Letter to Tewfik Pasha.

Your Excellency, *Foreign Office, February* , 1914.

HIS Majesty's Government have given their most careful consideration to the requests contained in your Excellency's note of the 5th December last for the loan of a number of officers and men of the Royal Navy for service in the Ottoman fleet.

I now have the honour to inform your Excellency that, except in the case of the officers numbered 1 and 2 in your Excellency's list, to whom I shall refer later, His Majesty's Government are ready to authorise the engagement of the officers and men required by the Turkish Government, but that as the requirements of His Majesty's fleet do not admit of officers on the active list being spared for the appointments numbered 5, 6, 7, and 8, His Majesty's Government cannot do more than express their willingness to obtain volunteers for these posts from the retired list, should the services of such officers be acceptable to the Turkish Government.

Separate action is being taken as regards the other officials and men for whom your Excellency has asked.

As regards the officers numbered 1 and 2 in the list, I have the honour to inform your Excellency that it would not be permissible for British officers to become Ottoman subjects while on either the active or the retired list of the Royal Navy; and, further, since the mere fact of a British naval officer serving in the fleet of a foreign Government in time of war entails under the British regulations the immediate removal of his name from the navy list, either active or retired, His Majesty's Government could not in fairness invite officers to accept employment which may result in their compulsory retirement from the British service.

[9033] No. 184.

Sir L. Mallet to Sir Edward Grey.—(Received March 2.)

(No. 117.)
Sir, *Constantinople, February* 24, 1914.

IN my telegram No. 117 of the 21st instant I briefly reported the arrest here a couple of days ago of Aziz Ali Bey, which has attracted much attention in Egypt and elsewhere. Born in Egypt about thirty-four years ago, Aziz Bey entered the Turkish army in the usual way, and served in Macedonia under the Hamidian régime. After the Constitution he accompanied Izzet Pasha to the Yemen, and is said to have had a large part in the negotiations with the Imam Yakya for the settlement of that region. During the Italian war he took a leading part in organising resistance to the Italians in Benghazi, and was one of those who continued the struggle after the Treaty of Lausanne. He returned to Constantinople some months ago, but was already in disfavour in high places, and his refusal of a post at Angora eventually led to his resigning his commission. It is alleged by Aziz Ali's friends that personal dislike on the part of Enver Pasha, who is said to have played a more conspicuous, but in reality less distinguished, part in the Italian war, has had a good deal to do with his arrest; but it derives its chief importance from the effectiveness of his own personality and the position which he appears to hold in the esteem of Arabs over a wide area. Immediately after his arrest I was approached from a variety of sources with requests for intervention, and as one of these came from the Governor of Cairo, who is Aziz Bey's brother-in-law, through Lord Kitchener, I addressed friendly and unofficial enquiries to both the Minister of the Interior and the Grand Vizier.

The Grand Vizier gave me to understand that Aziz Ali Bey's arrest was due to his attitude towards the Government since his return to Constantinople, and it is clear from what I have since learned from other sources that the matter is really a political one, for there is no doubt that Aziz Ali Bey has been one of the leading spirits in a group of young Arabs, officers, and others, who are dissatisfied with the present Turkish Government. It is difficult to gauge the importance of this group, but it has

come to my knowledge that some at least of them are identified with more or less definite schemes for organising a movement which would aim at releasing the whole region from Mosul to the Persian Gulf from Turkish domination. They claim to have established communications with various local notabilities, including the Sheikh of Koweit, whose sympathy they say they have secured, and one of their plans would appear to be to attach the tract of country in which they are interested to the sheikh's dominions. They profess to be in a position to organise an insurrectionary movement on such a scale as would enable them to cope with the strong repressive measures which the Turkish Government would, they realise, take to repress it.

Schemes of this kind are of course not new, and I have no reason to believe that the originators of this one are powerful or competent. As, however, a definite rôle is attributed to the Sheikh of Koweit, and in view of the unrest which undoubtedly prevails at Basra, I think it my duty to bring it to your notice. If the plan of creating an insurrection in Mesopotamia should take shape, one of the aims of its promoters would be to compel British intervention. I have caused it to be known to some of the persons concerned that His Majesty's Government would give no countenance to any such schemes, and have no intention of pursuing a policy of adventure, which could only compromise serious British economic interests in Mesopotamia.

In the meanwhile, the fact that Aziz Ali's friends are mixed up in such projects, of which the Turkish Government have doubtless at least an inkling, makes it a very delicate matter for me to intervene further on his behalf; and I have told Lord Kitchener that I do not propose to make any further representations unless his life should appear to be in definite danger. I enclose for your information copies of the telegrams which have passed between his Lordship and myself on the subject.*

I have, &c.
LOUIS MALLET.

P.S.—Since writing the above it has come to my knowledge that Aziz Ali has been more strictly confined, and that there is some reason to fear that his life may be in danger. I have therefore mentioned the matter again to Talaat Bey, and have the honour to enclose a further telegram which I am to-day addressing on the subject to Lord Kitchener.*

L. M.

[9037]

No. 185.

Sir L. Mallet to Sir Edward Grey.—(Received March 2.)

(No. 121.)

Constantinople, February 24, 1914.

Sir,

WITH reference to my despatch No. 82 of the 9th instant, I have the honour to transmit herewith a translation of a provisional law, dated the 14th instant, which provides for the levy during the coming Turkish financial year of certain surtaxes destined to cover the deficit in the ordinary budget for the year. The budget for the year in question, which begins on the 14th March, 1914, has not yet been published, but it appears that an effort is being made to reduce, by the imposition of surtaxes, the deficit on the ordinary budget to something a little over £ T. 1,500,000.

The "Tanin," a paper which should be well informed on the subject, states that the probable yield of the new surtaxes is estimated at £ T. 910,000, and an examination of the official returns of revenue from the taxes affected for the last financial year preceding the Balkan war (March 1911 to March 1912) would appear to show that this estimate is a conservative one.

The financial policy of the Government at the present time may briefly be said to be this: to "liquidate the past" by means of the big loan now being negotiated by Djavid Bey in Paris, to reduce the deficit on the ordinary budget for the next financial year by means of the new surtaxes, to press forward the negotiations concerning the customs increase, application of the temettu tax to foreigners, and monopolies, so that with the yield of these new sources it may be possible to establish equilibrium in and after the year beginning the 14th March, 1915.

One of the statements made by the "Tanin" recently is that it is hoped to reduce the budget of the Ministry of War for the coming year to 6,000,000*l*. On the other hand, there appears to be every intention of pursuing the naval policy which aims at establishing Turkish maritime supremacy in the Ægean. In this connection I may

* Not printed.

mention that there has been a question of prolonging the present war tax, which was imposed for three years in August 1912, for ten years after the expiration of that period and devoting it to naval purposes. This was mooted a couple of months ago, and little has since been heard of it, but it is doubtful whether the plan will be carried out in its entirety.

Of the surtaxes mentioned at the beginning of this despatch the most important is that which increases the "aghnam," or sheep tax, so that the new law will press hard on the already heavily-laden rural interests. Two of the other surtaxes are, however, of special interest to foreigners for the following reasons:—

1. It is significant that the temettu is the only tax which has been subjected both to the surtax for war purposes of August 1912 and the new surtax to balance the budget of the coming year. The result is that for twelve months it will be subject to two surtaxes at 25 per cent. each. This cannot but attract the attention of foreigners at a time when the Porte is actively negotiating for the extension of the temettu tax to them, and some apprehension has been expressed. I do not think there is much real ground for anxiety, as the negotiations with the Powers have reference to taxation, the scale as well as the principle of which is to be the subject of agreement, and the control which the Powers intend to exercise over the collection should suffice to prevent abusive attempts to increase the tax as far as foreigners are concerned. I am, nevertheless, instructing the British representative at the meeting of dragomans of the missions here to consult with his colleagues as to the sufficiency of our safeguards.

2. The "Hedjaz stamp" is to be increased from 1 to 2 piastres for many purposes. This is open to numerous objections. You will recollect, Sir, that the stamp was introduced under the Hamidian régime to raise revenue for the purpose of constructing the Hedjaz Railway. It was resisted by the Powers, but the late Sultan or his entourage clung tenaciously to what was an easy means of getting money for a quasi-religious object, and for many years the tax has been tolerated. It has, nevertheless, been vexatious, for it has meant imposing a tax of a piastre or more on every little transaction with a Government Department in addition to other more legitimate charges. If the Powers tolerated it, it was because they did not desire to seem hostile to a religious project, but it is now proposed to double the tax in order to eke out the ordinary revenue of the State.

I am promised further information as to the extent of the incidence of this additional stamp, and in the meantime I do not propose to raise the question.

In any case, in present circumstances, when the taxation on the Turkish population has been so excessively increased, I should be very reluctant to make too much of this, although it may be necessary to record a protest in order to safeguard the rights of foreigners.

I have, &c.
LOUIS MALLET.

Enclosure in No. 185.

Provisional Law, dated February 14, 1914.

IMPÔTS EXTRAORDINAIRES.

L'"OFFICIEL" publie la loi provisoire suivante sur les impôts extraordinaires à percevoir pour l'année financière 1330:

(Traduction.)

Article 1er. Pour couvrir le déficit du budget de l'année 1330 sont décrétés les impôts extraordinaires ci-dessous:

(*a.*) Augmentation de 25 pour cent sur la taxe du témettu (patente);

(*b.*) Augmentation de 25 pour cent de la taxe d'aghnam, chameaux, buffles et porcs;

(*c.*) Augmentation de 100 pour cent des taxes perçues par tous les tribunaux;

(*d.*) Augmentation de 100 pour cent des taxes d'état civil, passeport et de chancellerie;

(*e.*) Un timbre de Hedjaz de 2 piastres au lieu de 1 piastre sera opposée sur tous les "senets" de dépenses et les pétitions; les annexes des pétitions seront taxées comme précédemment d'un timbre de 1 piastre.

Art. 2. Ces impôts extraordinaires seront mis en vigueur à partir du 1er mars, 1330, celui de l'aghnam seulement sera mis en vigueur dès la date de la publication de cette loi. Tous ces impôts extraordinaires seront perçus seulement et exclusivement pendant l'année 1330.

Art. 3. Ces impôts seront perçus sous la forme de centimes additionnels sans comporter l'augmentation des autres centimes additionnels des impôts militaires.

Art. 4. Les notaires et les consuls honoraires toucheront leur pourcentage réglementaire sur les droits perçus comme par le passé, c'est-à-dire sans aucun droit sur les centimes additionnels.

LE BUDGET : LES ÉCONOMIES RÉALISÉES.

DU "Tanine" de matin :

Le Ministre des Finances s'occupe, comme on le sait, du budget de 1330 (1914–15). Jusqu'à présent ont été examinés le budgets des Ministères de l'Intérieur, de la Justice, de l'Instruction publique, du Cheikh-ul-Islamat, des Contributions indirectes et du Cadastre. Les budgets de la Sûreté générale, des Travaux publics, de la Gendarmerie, de l'Administration sanitaire, du Commerce, des Postes et Télégraphes, des Apanages de la Famille Impériale, du Parlement, des Finances, de la Cour des Comptes, sont arrivés au Malié, mais n'ont pu être encore examinés complètement. Les budgets des autres Départements n'ont pas encore été étudiés.

Par décision du Conseil des Ministres, une économie de 15 pour cent a été réalisée sur chaque budget particulier. Le budget de la Guerre a été ramené à £ T. 6,000,000. Tant la réduction obtenue sur ce dernier budget que les surtaxes établies dernièrement, de même que l'augmentation de 12 pour cent de la retenue pour les retraites, ont ramené le déficit à £ T. 1,600,000.

Les décisions ci-dessus sont spéciales à l'année 1330. Pour le budget 1331, dans les cercles compétents on espère fortement arriver à l'équilibre par la patente, la surtaxe douanière de 4 pour cent et le produit des monopoles.

Les revenus prévus sur les surtaxes sont les suivants :

	£ T.
Témettu	60,000
Aghnam	375,000
Taxes judiciaires	300,000
Taxes de passeport et de chancellerie	100,000
Timbre sur ordonnancement	75,000
Total	910,000

[8986] No. 186.

Sir Edward Grey to Sir L. Mallet.

(No. 108.)
(Telegraphic.) R. *Foreign Office, March* 2, 1914.

YOUR telegram No. 129 of 28th February : Smyrna–Aidin Company.

It is proposed under scheme (*d*) that Turks should withdraw their demand to Aidin Company to build a line to Marmarice. In the first place such a line would be a violation of the exclusive "permis d'études" already granted to Signor Nogara; secondly, a junction between Smyrna–Aidin line and Marmarice would probably involve very high guarantees so as to compensate Smyrna Company for resulting loss of profit over large section of their line.

(Confidential.)

I much doubt if the Italians would admit Anglo-Italian co-operation in Makri–Moughla region, and I fail to see how we could press it if this were so, as Smyrna Company had no *locus standi* prior to date of Italian "permis d'études," as in case of Adalia line.

As it is, Italians dislike idea of admitting two British directors to board of Adalia–Kizilkaia line.

We are stipulating for assent of Smyrna Company being required in case Turks insist on Italians making junction to Moughla at a later date.

The Turks will presumably stipulate in convention granting concession that harbours at Adalia and Makri are not to be fortified, and that concession is for purely commercial purposes.

I will bear in mind last paragraph of your telegram, but the basis of our discussions with Italians is that Smyrna Company should support the Italian demands to Ottoman Government, and *vice versâ*, and that the Governments concerned should take note of the arrangements when concluded, and agree to uphold them.

[8985] No. 187.

Sir Edward Grey to Sir L. Mallet.

(No. 110.)
(Telegraphic.) R. *Foreign Office, March* 2, 1914.

YOUR telegram No. 128 of 28th February : Mr. Silley's claim.

Limits of Koweit, as defined by green line in convention of 29th July, 1913, must be respected.

I am consulting Admiralty and Board of Trade, and definite instructions will be sent shortly about Basra and Nejd.

Meanwhile I should be glad to learn who is backing Mr. Silley—is it the Shell or the Standard Oil ?

[9353] No. 188.

Sir L. Mallet to Sir Edward Grey.—(*Received March* 3.)

(No. 129.)
Sir, *Constantinople, February* 26, 1914.

I HAVE the honour to transmit herein copy of a despatch which I have received from His Majesty's consul-general at Smyrna on the subject of the growing animosity between Christians and Turks. The boycotting in which this animosity is already manifesting itself is not confined to the vilayet of Smyrna, and I have received other reports from His Majesty's consular officers which confirm Mr. Barnham's description of the situation.

His Majesty's consul at Trebizond reported at the end of last month that the possibility of a boycott against Greeks and Armenians was already being discussed in Moslem circles. In Mr. Satow's opinion the commercial interests of Moslems and Christians are so intricately bound together at Trebizond itself that no boycott would be practicable, but in the smaller coast towns the movement would appear to be more pronounced. There is a rather natural annoyance felt among the Moslem element on the subject of Armenian reforms, and, as also might have been expected, the Christians are taking no part in the elections, as they imagine that their support would deprive a candidate of any hope of success. In a later despatch Mr. Satow states that he hears from Samsun that merchants have ceased to send, or are sending smaller, consignments of goods into the interior owing to the spread of the boycott. Some traders are contemplating writing to Europe to postpone the despatch of goods already ordered.

I have also received a despatch from the British acting vice-consul at Adana reporting on the anti-Christian activities of a certain Umer Nadji. This individual is a patriotic preacher, whose orations automatically drift into an anti-Christian channel. He addressed two meetings at Adana. The first, which took place in the municipal garden, was not pre-arranged, the audience was assembled to the beating of a drum. The second meeting was held in the cinematograph theatre, and was attended by the Acting Vali and several Moslem and Christian notables, including a few Hellenic subjects. The proceeds of the assembly were to be given to the fleet. Umer Nadji began by attributing the recent disasters which have befallen the Ottoman armies to the widespread neglect of the teachings of the Mahommedan religion. The speech naturally took an anti-Christian bias, and the speaker, losing all self-control, perorated in an outburst against Christians in general and Greeks in particular. The Vali has informed Mr. Monk Mason that he regretted the incident, but his Excellency made light of the whole affair, and, indeed, it does not appear to have made a very deep impression on the audience.

I may add that half-hearted boycott is still said to exist in Constantinople, but its effects are perfectly imperceptible and presumably ineffective.

The fault is not all on the side of the Turks. I hear from a private source in Smyrna, whose authority is unimpeachable, that much irritation has been caused by Hellenic propagandists who have a rich and fruitful field for their operations in the

Smyrna neighbourhood. To the knowledge of my informant, literature of anti-Turkish character has been discovered to have been smuggled from Mitylene to Aivali on the Asiatic coast, thence to Pergamos and on to Smyrna viâ Soma. A Greek named Sofianes was the intermediary of this trade in Pergamos, and great irritation was caused by the intervention of an influential Frenchman—the director of the Kassabes Railway, to obtain his release from prison—the Turkish authorities interpreting this action as an encouragement and approval of Hellenic propaganda on the Asiatic coast. The Grand Vizier has more than once expressed to me his conviction that the Turkish authorities will have great trouble in detecting and preventing Greek intrigues on the mainland, and these incidents seem to prove that his apprehensions are not entirely baseless. I spoke to his Highness to-day of the danger of encouraging the boycott of Greeks to the Turkish interest, and urged him to do all in his power to stop it. His Highness said that he was not encouraging the boycott, but that he could not force Mussulmans to buy from Greeks, who were thoroughly disliked throughout the Empire.

I pointed out to his Highness the difference between this and affording encouragement to those who advocated the boycott and excited race and religious animosity, and which might have untoward developments if the Mussulman population get out of hand. His Highness assured me that violence would not be allowed, and that all disorders would be supressed at once.

I do not believe that boycotting has up to now attained serious proportions, but I feel apprehensive lest it may be resorted to very generally if the Greek Government reject the overtures of the Turkish Government for a friendly settlement of the islands question.

I have, &c.
LOUIS MALLET.

Enclosure in No. 188.

Consul-General Barnham to Sir Louis Mallet.

(No. 20.)
Sir, *Smyrna, February* 18, 1914.

I HAVE the honour to report to your Excellency that a campaign of great severity is being led in this province by the authorities against the Greek and Armenian raya elements.

In the town of Smyrna itself the treatment of the Greeks is marked by frequent expulsions on trumped-up pretexts, by forced contributions to the fleet, by the prohibition to wear or display any colours that might suggest they were not Ottoman subjects, and by a close police control over all their actions, which is intensifying the distrustful relations already existing between the two races.

In the interior the state of things is much worse. A systematic boycott is being carried on against the Greeks, and in a somewhat lesser degree against the Armenians also.

In small towns such as Magnesia, and throughout the villages where the ubiquitous Greek petty trader is to be found, boycotting in a most severe form is being carried on. All Moslems or Greeks who are found entering raya shops are beaten, and all semblance of free commerce or equality is at an end while as things tend at present, the position of the Greeks and Armenians in many districts is becoming more and more untenable.

This boycott is the direct result of Committee of Union and Progress influence, and Committee emissaries are everywhere instigating the people.

Two Englishmen who have been travelling, the one from Soma and the other in the south of this province, have come across numerous instances of cruel boycotting, in some cases under the eyes and with the assistance of the gendarmes.

In view of the large sums forcibly collected for the fleet, by which Turkey was to save the islands for herself, popular expectation has been aroused; and the anti-Greek feeling that is being fomented is expected to serve as a safety valve for the indignation of the Moslem elements when they find that no results are visible after the enforced levy for the fleet.

Whether this be the correct explanation of the motive underlying the Committee's action—action which the Government is fostering—the relations between Turk and Christian are becoming worse than they have been for nearly two generations past, and if a prompt change of policy be not instituted by the Ottoman Government, consequences of a very serious nature are to be apprehended.

The Turkish press writes openly against the Greeks, even to the extent of advocating that Moslems should no longer salute them and act as though they were non-existent.

I have, &c.
HENRY D. BARNHAM.

[9490] No. 189.

Sir L. Mallet to Sir Edward Grey.—(Received March 3.)

(No. 134.)
(Telegraphic.) R. *Constantinople, March* 3, 1914.

YOUR telegram No. 112 of 2nd March.

Crawford now favours advances to be made by Turkish Government in two instalments, one of 50,000*l.* this year and 100,000*l.* next. They will be secured as before.

The 1,000,000*l.* would have to be a loan operation, to be secured on the same revenues.

[9580] No. 190.

Sir Edward Grey to Sir E. Goschen.

(No. 63.)
(Telegraphic.) R. *Foreign Office, March* 3, 1914.

PLEASE inform German Government that we are on the point of concluding our agreements with Turkey in so far as they are connected with the proposed customs increase as distinct from the monopolies, and that we hope to reach complete agreement with German Government in regard to proposed Anglo-German Convention respecting Bagdad Railway and cognate matters forthwith, but I am disturbed by the reflection that our agreements with both Germany and Turkey are largely dependent upon the conclusion of corresponding agreements between the Bagdad Railway Company and the Ottoman Government, and the latter and the German Government, and that progress in this direction does not appear to be very rapid.

31st March is the latest date fixed for ratification of our agreements with Turkey, and, both on this account and in view of the urgent necessity of Turkey for money, which cannot be raised until the customs increase has been agreed to, I earnestly trust that negotiations at Berlin may soon be concluded.

(Repeated to Constantinople, No. 114.)

[9961] No. 191.

Sir Edward Grey to Sir E. Goschen.

(No. 52.)
Sir, *Foreign Office, March* 3, 1914.

THE German Ambassador informed me to-day that the Turkish Government were anxious that the two inspectors-general for Armenia should not be Russian nominees, and that they should be chosen with a view to their not being specially under Russian influence, or becoming Russian agents. The German Government thought, therefore, that the men might be chosen by a *réunion* of Ambassadors. The Ambassador did not gather that his Government meant a *réunion* in London; very possibly a meeting of the Ambassadors in Constantinople was intended.

I said that it would not be worth while to call the *réunion* of Ambassadors in London into existence again for this one point, but I had no objection to its being dealt with as the German Government proposed. My recollection was, however, that the Russian Government were favourable to the selection of Dutch officers. The Dutch could hardly be suspected of being specially under Russian influence; and if no one objected to Dutch officers, it would surely be simpler to instruct the Ministers in The Hague to ask the Dutch Government to make a selection.

I am, &c.
E. GREY.

[4601] No. 192.

Note communicated to German Ambassador, March 3, 1914.

HIS Majesty's Government have had under further consideration the draft of article 3 (c) of the proposed Anglo-German Convention regarding the Bagdad Railway and cognate matters, in which, in distinction to the limitation proposed by them, the words "east of Aleppo" have again been inserted by the German Government.

His Majesty's Government are, in deference to the views of the German Government, and in their desire to reach an early settlement, prepared to modify the article so that it may be worded as follows :—

"Article 3 (c). His Britannic Majesty's Government declare that they will in no case themselves establish, or support any claim by any persons or corporations whatsoever to establish, in Ottoman territory railway undertakings either in direct competition with the Bagdad Railway Company's lines, or in contradiction with that company's existing rights, unless and until there is complete agreement on the subject between the Imperial German Government and His Britannic Majesty's Government,"

provided that the stipulations proposed in the annexed draft are added.

In view of this concession, which in effect protects the whole Bagdad Railway from direct competition, His Majesty's Government earnestly trust that the German Government will use their powerful influence with the German railway interests concerned, in order that the German opposition to the very moderate requests of the Smyrna-Aidin Railway Company in regard to the navigation of Lake Beyshehir may be withdrawn. The point, as has already been explained informally to Herr von Kühlmann, is one to which His Majesty's Government attach great importance.

Foreign Office, March 3, 1914.

Enclosure in No. 192.

Draft.

IT is agreed that lines in the following regions shall not be held to be in direct competition with the Bagdad Railway :—

1. In that part of Asiatic Turkey which, west of the 36th meridian of east longitude, lies south of the 34th degree of latitude and that part which, east of the said meridian, lies south of the 31st degree of latitude.

2. In that part of Asiatic Turkey lying to the east and north of a line drawn midway between the Rivers Tigris and Euphrates from the 44th meridian of longitude to Kurna, provided that such lines (other than one connecting Mendali with the River Tigris at a point not less than 40 kilom. below Bagdad) are south of the latitude of Bagdad and do not approach within 60 kilom. of any place to be served by the Bagdad Railway system as defined in the Conventions of .

It is further agreed that the question of whether any line in any part of Asiatic Turkey not within one or other of the above regions would or would not be in direct competition with the Bagdad Railway under Article 3 (c) of the present Convention shall, in the event of failure to reach an agreement, be referred to arbitration in accordance with Article 8 of the said Convention.

It is further agreed, for the purposes of this article, that the western terminus of the Bagdad Railway shall be held to be at Konia and the eastern terminus at Basra.

[9508] No. 193.

German Counter-proposal for Article 6, *Clause* (b).

(Amendments suggested by His Britannic Majesty's Government and communicated to Herr von Kühlmann on March 3, 1914.)

ARTICLE 6, clause (*b*). His Britannic Majesty's Government, so far as they are concerned, agree :—

1. That the German consul at Basra shall have the right to correspond with the Commission on matters within its competence ;

2. That, if in any case the Commission fail to meet the reasonable requirements of the commerce of the river and refuse to remove the causes of complaint raised by the German consul, the question at issue shall be referred to an impartial expert to be nominated by agreement between the ~~Imperial Ottoman Government, His Britannic Majesty's Government,~~ *two members of the Commission*, and the ~~Imperial~~ German ~~Government~~ *consul, provided that if a similar or analogous complaint is made by any other consul, he shall participate in the said nomination ;* failing *unanimous* agreement, Her Majesty the Queen of the Netherlands shall be invited to designate the expert referee.

The Government of His Britannic Majesty will use their good offices with the Imperial Ottoman Government to ensure that effect is duly given to such recommendations as may be made by the expert referee.

To be put in the explanatory note :

The expert referee shall, ~~if so desired~~ *unless it be otherwise agreed* by the ~~Governments~~ *parties* concerned, proceed to Basra for the purpose of his enquiry. He shall publish his report within four months after having received all the necessary materials from both sides, or within four months of his arrival at Basra.

The expenses of the enquiry, including the remuneration of the referee, shall be borne in equal shares by the Governments concerned.

[9639] No. 194.

Sir R. Rodd to Sir Edward Grey.—(Received March 4.)

(No. 46.)
(Telegraphic.) *Rome, March 3, 1914.*

CIRCUMSTANCES here point to early prospect of Ministerial crisis. It would be desirable that the question of Italian withdrawal from the Ægean should have first been brought to a point making it difficult for a future Ministry to shift ground. This depends now on settlement of concession question. Only difficulty now in way of arrangement with British railway company appears to be stipulation of latter for two representatives on the Italian board of management—a request recognised as just and reasonable by the Minister for Foreign Affairs, but unwelcome to the Prime Minister, who, regarding internal situation in Italy, feels that [group omitted: ? it would be] resented here as an admission of our right to supervision and control over Italian action. Minister for Foreign Affairs suggests to me that Italian concession might be divided between two or more Italian companies, English directors being only admitted to boards of those administering undertakings in which British companies have a direct interest and port of Adalia.

Despatch follows by bag with fuller explanation of position.

[9659] No. 195.

Sir L. Mallet to Sir Edward Grey.—(Received March 4.)

(No. 138.)
(Telegraphic.) R. *Constantinople, March 4, 1914.*

YOUR telegram No. 110 of 2nd March.

I have asked Mr. Silley, who says he is unable to say anything as to who is behind him. He has negotiated with Russian and Dutch petroleum groups, but declares he is a free agent, and bound to no one.

He brought a letter of introduction from Mr. H. Higgins, a partner in Treherne, Higgins, and Co.

Two applications in Basra are in Mr. Silley's name.

[9708] No. 196.

Sir G. Buchanan to Sir Edward Grey.—(Received March 5.)

(No. 55.)
Sir, *St. Petersburgh, March 2, 1914.*

I HAVE the honour to transmit to you herewith copies of the notes which have been exchanged between this embassy and the Imperial Ministry for Foreign Affairs respecting the Anglo-Turkish Shatt-el-Arab Riverain Convention of the 29th July, 1913.

I have, &c.
GEORGE W. BUCHANAN.

Enclosure 1 in No. 196.

Sir G. Buchanan to M. Sazonof.

M. le Ministre, *Saint-Pétersbourg, le 13 (26) février, 1914.*

EN me référant à l'aide-mémoire du Ministère Impérial du 17 (30) novembre, 1913, au sujet des droits de police et de juridiction de la Commission de Navigation sur le Chatt-el-Arab, je suis autorisé à vous faire les déclarations suivantes:

1. Le Gouvernement britannique entend bien par la déclaration signée avec le Gouvernement ottoman le 21 octobre, 1913, et dont le texte est cité dans l'aide-mémoire de l'Ambassade de Sa Majesté britannique du 23 octobre (5 novembre), que le drogman du consulat de Russie aura le droit d'assister au sein de la Commission à l'examen des affaires dans lesquelles les accusés appartiennent à la sujétion russe.

2. Le Gouvernement britannique n'a aucune objection à ce que la perception des amendes imposées à des sujets russes par la Commission ainsi que leur détention à la suite des jugements de ladite Commission ait lieu, le cas échéant, dans le consulat.

3. Le consul aura le droit de prendre connaissance des affaires et de se mettre en rapport avec la Commission préalablement au jugement de celles-ci.

4. Il est bien entendu que les stipulations de l'article 8 de la convention anglo-turque du 11 juin ne touchent en rien au droit du consul russe d'exercer ses fonctions, d'après les Capitulations et usages établis par rapport aux sujets russes, tant abord des vaisseaux russes sur le Chatt-el-Arab que sur le territoire riverain de la Commission.

5. En plus des comptes rendus annuels prévus par l'article 15 de la convention, la Commission ne manquera pas, si le consul en exprime le désir, de fournir à celui-ci toutes explications utiles quant au montant des droits prélevés par la Commission et quant aux travaux qui ont nécessité ces droits. Le consul n'aura toutefois pas le droit de poser son veto à des travaux jugés nécessaires par la Commission.

Je profite, &c.
GEORGE W. BUCHANAN.

Enclosure 2 in No. 196.

M. Sazonof to Sir G. Buchanan.

M. l'Ambassadeur, *Saint-Pétersbourg, le 16 février (1er mars), 1914.*

EN prenant acte de la communication de l'Ambassade britannique du 23 octobre, 1913, et de votre note en date du 13 (26) février, année courante, j'ai l'honneur de porter à votre connaissance que le Gouvernement Impérial se déclare prêt à reconnaitre le droit de la Commission, pour améliorer les conditions de la navigation du Chatt-el-Arab, de percevoir sur les vaisseaux russes les taxes qui seront fixés en vertu de l'article 2 de la convention conclue à ce sujet entre la Grande-Bretagne et la Turquie. Le Ministère Impérial ne manquera pas de charger ses consuls de veiller à ce que les vaisseaux russes ne se soustraient pas au payement des taxes et se soumettent aux règlements qui seront établis par la Commission pour les bâtiments de toutes les nations.

Les amendes qui seraient imposées à des sujets russes par la Commission en vertu de l'article 7 de la convention ci-dessus mentionnée et de l'aide-mémoire du Ministère Impérial du 17 novembre, 1913, seront remises par les consuls de Russie à la Commission.

Veuillez, &c.
SAZONOF.

[9863] No. 197.

Sir E. Goschen to Sir Edward Grey.—(Received March 5.)

(No. 32.)
(Telegraphic.) R. *Berlin, March 5, 1914.*

YOUR telegram No. 63 of 3rd March acted on: Negotiations with Turkey.

Under-Secretary of State for Foreign Affairs says some two or three months ago the German Government submitted certain proposals to Ottoman Government in connection with increase of Turkish customs dues. These proposals, he said, were mainly intended to secure advantages which would satisfy German public opinion, but were not really important. Turkish negotiator, Djavid Bey, had left Berlin at Christmas, and had not returned. Negotiations between the German and Ottoman Governments and between the latter and the Bagdad Railway Company were therefore suspended for the moment.

Under-Secretary of State said that I could assure you of the earnest wish of the German Government that both sets of negotiations at Berlin should be concluded as quickly as possible, and he fully appreciated urgent need of Turkey for money. Absence of Turkish negotiator was, however, a bar to the resumption of negotiations, and he evidently thought that there was no prospect of their conclusion by 31st March.

[9639] No. 198.

Sir Edward Grey to Sir R. Rodd.

(No. 59.)
(Telegraphic.) R. *Foreign Office, March* 5, 1914.

YOUR telegram No. 46 of 3rd March: Italian negotiations with Smyrna–Aidin Company.

You should inform Minister for Foreign Affairs that the arrangement he has suggested is that now under discussion. You should add that Signor Nogara originally stipulated for Italian preponderance on board of Anglo-Italian company for line to and port at Adalia; but he now, acting apparently on instructions of Italian Government, objects on political grounds even to two British directors, whose appointment is absolutely indispensable to Smyrna Company on commercial grounds.

Smyrna Company will also require two directors on any company controlling other ports or railways if they are at any future time linked up with Smyrna Company's lines. We have without difficulty obtained in negotiations with Germany admission of directors to board of Bagdad Railway.

We have gone a great way to meet Italian views. You should emphasise this forcibly to Minister for Foreign Affairs, and make it clear that on this point of directors no further concession is possible if negotiations are to succeed.

(Repeated to Constantinople, No. 119.)

[9967] No. 199.

Mr. Slaughter to Mr. Parker.—(*Received March* 6.)

Dear Mr. Parker, 18, *Austin Friars, London, March* 5, 1914.

EUPHRATES and Tigris.

I have to acknowledge the receipt of your letter of to-day's date, and agreeably, with the request therein contained, write to let you know what, on behalf of Mr. Lynch, are my objections to the draft contract between Lord Inchcape and him received on the 2nd instant from Sir Henry Johnson:—

(1.) The most important objection is that this draft contract is completely silent on a matter which is vital to Mr. Lynch.

By Sir Edward Grey's memorandum of the 19th May last, which Mr. Lynch has subscribed to, it is contemplated (clause 3) that a reasonable working agreement shall be arrived at between Mr. Lynch's Company and the Ottoman Company. Lord Inchcape pointed out that that would be best carried out by the Ottoman Company chartering the vessels of the Lynch Company, and on the faith of your letter of the 3rd February last to Mr. Lynch that was agreed to.

The position therefore was and is that Lynch vessels are to be chartered by the Ottoman Company, and that in default of that a working agreement is to be arrived at between the Ottoman Company and Mr. Lynch's Company, and it is the absence of any provision of any kind about this in the draft contract which most concerns me.

(2.) Second in importance is the point that the draft contract now introduces an entirely new condition by calling upon Mr. Lynch to be responsible for half what Lord Inchcape is responsible to pay or to procure the Ottoman Bank to guarantee to the Ottoman Government if he exercises the power of carrying on the navigation under article 31 of the concession, that is, before the new Ottoman Company is formed. Whether the draughtsman means it or not I do not know, but the terms of the draft contract clearly involve Mr. Lynch being responsible for half this money or half of the guarantee by the Ottoman Bank (see the third Schedule to the concession).

This was never contemplated by Mr. Lynch, and never suggested until the receipt of this draft contract, and is a term which I do not think Mr. Lynch ought to be asked to submit to.

The foregoing are the two most important points on which agreement has not yet been reached. There are, however, others of minor importance, namely:—

(3.) The draft contract suggests that the management remuneration which had been previously agreed should now be subject to some alteration at the option of Lord Inchcape. I do not understand the extent of the alteration suggested, but I do

understand that there is some departure contemplated from the basis previously agreed.

(4.) The draft contract proposes that whereas Mr. Lynch shall only be made a director of the Ottoman Company when that company is formed, Lord Inchcape is to be appointed a director of Mr. Lynch's Company immediately. The appointments should synchronise.

(5.) While Mr. Lynch is to rely on the votes and influence of Lord Inchcape for his (Mr. Lynch's) election and retention as a director of the Ottoman Company, the draft contract requires the articles of association of Mr. Lynch's Company to be altered so as to preserve the directorship position in that company for Lord Inchcape and his successors. This is practically impossible to comply with.

(6.) As indicated by Lord Inchcape to me at the Foreign Office meeting at the end of January, Lord Inchcape wants certain business of Mr. Lynch's Company outside the navigation of the Euphrates and Tigris to be included in the management contract. Personally, I am in sympathy with the suggestion if, as Lord Inchcape assures me, this outside business is quite insignificant, but Mr. Lynch did not agree to this, and it certainly was never a condition of the arrangement that the outside business should be included in the management contract. Assuming that this outside business is comparatively insignificant, I agree with Lord Inchcape in thinking that it will lead to endless complication if it is not included, and on the above assumption my influence will be used with Mr. Lynch to induce him to include it, but of course I cannot bind him.

There are other small matters of difference which I prefer to believe are merely matters of draughting, but points Nos. 1 and 2 above are really vital for Mr. Lynch, and unless they are adjusted might seriously jeopardise the position.

It is right to add that I have not had the advantage of seeing Mr. Lynch or Sir Henry Johnson on this draft, although the latter expressed a wish to see me upon it when he sent it to me.

I have arranged with Mr. Barnes of the Board of Trade for the method whereby Mr. Lynch shall fulfil condition 1 of Sir Edward Grey's memorandum of the 19th May last. I met Mr. Lynch and his co-directors to-day and agreed with them the terms of the chartering of his Company's fleet to the Ottoman Company, and I have arranged to meet them on Monday to discuss the draft contract between Lord Inchcape and Mr. Lynch. I ought, therefore, to be able to return that draft to Sir Henry Johnson on the evening of that day, and if there should then be any difficulty in his accepting my modifications of his draft I venture to suggest that the most speedy way of arriving at a settlement will be for a meeting to be fixed at the Foreign Office for a round-table conference between the parties and their solicitors.

Yours very truly,
W. CAPEL SLAUGHTER.

[10245] No. 200.

Report made for Standard Oil Company.—(*Communicated to Foreign Office by German Embassy, March* 6.)

La Question des Pétroles en Mésopotamie.

ON a pu lire, depuis quelques mois déjà, dans les différents journaux de cette ville, des nouvelles à sensation paraissant régulièrement au sujet des gisements de pétrole en Mésopotamie.

On a parlé, tout d'abord, des propositions d'un groupe financier, présidé par Lord Rothschild, de Londres, pour l'obtention de la concession générale des terrains pétrolifères en Turquie d'Asie. Cette concession était combinée avec une avance de 1,000,000 à 2,000,000 de livres à valoir sur la participation réservée dans cette combinaison au Gouvernement.

Une autre nouvelle, arrivant de Londres, disait que dans l'accord intervenu entre l'Angleterre et le Gouvernement ottoman, la Turquie aurait cédé tous les puits de naphte se trouvant en Asie et en Arabie au Gouvernement britannique.

La presse turque, de son côté, n'a pas manqué de relever les grandes richesses des gisements pétrolifères en Mésopotamie, et Djavid Bey, dans une revue de Paris, parlant sur l'avenir de son pays, toucha cette question, en précisant que ces gisements, mis en valeur, procureraient à la Turquie aussi des milliardaires, comme on les rencontre en Amérique.

Toutes ces nouvelles ont contribué à mettre en évidence l'avenir du pétrole en Turquie et attirer singulièrement l'attention de l'Europe à cette industrie encore vierge dans ce pays.

Le fait est que tant Hakki Pacha à Londres que Djavid Bey à Paris et à Berlin se sont efforcés à présenter l'existence des gisements pétrolifères en Asie comme un élément futur de garantie pour de grands emprunts à combiner! Aussi, cette question a fait l'objet de sérieux échanges de vues entre les Ministres pendant plusieurs séances du Conseil des Ministres.

Le Gouvernement s'occupant, donc, de la question des pétroles en Asie et pouvant, peut-être dans un avenir prochain, prendre des engagements avec les sociétés fortement intéressées dans ce produit, j'ai jugé nécessaire de donner, dans ce qui suit, un aperçu général, en relevant le rôle que le groupe allemand de la Deutsche Bank est appelé à se réserver dans toute combinaison que le Gouvernement ottoman voudra réaliser avec des sociétés en dehors de ce puissant syndicat.

En se reportant à la carte d'Asie Mineure et sur un simple coup d'œil, on constate immédiatement que le réseau concédé aux Allemands, réseau appelé Anatolie–Bagdad, divise l'Asie Mineure en deux zones très distinctes. L'une, contrôlée déjà par le chemin de fer allemand en exploitation et en partie en construction; l'autre, destinée au contrôle des Français en base des conventions qui paraissent aujourd'hui être arrêtées dans les conversations poursuivies depuis sept mois entre Djavid Pacha et le Gouvernement français.

Mon mémoire d'aujourd'hui ne s'occupera que de la zone allemande, laquelle traverse les gisements de pétrole déjà connus; dans un prochain mémoire je parlerai de l'importance de la zone française, autant qu'elle pourra devenir un élément sérieux pour le développement des mines de pétrole se trouvant entre les points Samsoun, Sivas, Kharpout, Diarbékir, Erzindjan, Pekerdji, Arghana, Bitlis, Van.

Quoique les Allemands s'efforcent à montrer un certain désintéressement au sujet des terrains pétrolifères de la Mésopotamie, il y a un fait indiscutable que le groupe de la Deutsche Bank a, depuis le commencement du Bagdad-Bahn, donné une attention toute spéciale à ces gisements.

L'ex-Sultan Abdul-Hamid ayant cédé ces gisements à sa Liste civile, un contrat d'étude fut signé entre celle-ci et la société allemande, laquelle en base des droits de préférence qu'elle se réserva, se chargea aussi de tous les frais de la mission d'étude.

Cette mission scientifique était composée de trois sommités européennes dans la matière: les professeurs Dr. Kissling, de Berne, Dr. Bucking, de Strassbourg, et le Dr. Cesaro Sorro, de Rome.

Voici ce qu'ils disaient dans le rapport qu'ils remirent à la Liste civile (mais, à cette occasion, ne faudrait-il pas se demander s'ils étaient sincères dans leurs conclusions?):

"Tandis que nous reconnûmes que, dans les limites des régions pétrolifères très éloignées les unes des autres, les calcaires caverneux contiennent de l'huile minérale et du bitume, nous avons pu constater qu'entre les régions plus haut décrites ils ne présentent dans tous les endroits que nous avons explorés aucune trace d'huile minérale. Ils ne semblent donc pas constituer des horizons continus, mais bien des dépôts présentant seulement un caractère local, différent en cela des couches de grès pétrolifères de Bakou, par exemple, de Grosny et surtout de Sumatra, lesquelles tout en s'étendant sur de vastes districts, contiennent du pétrole dans toutes leurs parties.

"Tout ce que nous pouvons dire, par conséquent, c'est que nous ne croyons pas à une très grande richesse des horizons de pétrole existant dans la profondeur, parce qu'il nous semble que les bancs de calcaire caverneux que nous devons considérer comme des horizons d'huile minérale proprement dite, ne contiennent qu'en quelques endroits dans leurs cavités en fentes de l'huile et du bitume, en quantité suffisante pour que des accumulations abondantes aient pu se concentrer en des endroits où ils se sont agglomérés sous forme de seiles et de dômes.

"Nous ne saurions, par conséquent, encourager à faire des sondages qui, dans ces parages éloignés, seraient certainement très coûteux; mais d'un autre côté, eu égard à la grande abondance des différentes sources, nous ne pouvons pas davantage déconseiller de tenter un sondage spécialement à El Covoura."

Le groupe de la Deutsche Bank avait une option de deux années pour exécuter des sondages, mais il avait dépensé, suivant décompte remis à la Liste civile, environ 300,000 fr. pour les premières études, somme assez importante pour donner lieu à un nouvel accord entre les parties reconnaissant à ce groupe un droit de préférence devant tout autre compétiteur.

La concession de la Liste civile étant passée, depuis le nouveau régime, au

Ministère des Finances, les droits du groupe sont restés en force, d'où le premier avantage dans cette question pour les Allemands, soit: "Aucun groupe ne pourra entreprendre une exploitation des mines de pétrole faisant partie de la combinaison Liste civile–Deutsche Bank sans désintéresser celle-ci, laquelle aura en outre le droit de préférence de garder l'affaire aux mêmes conditions proposées par d'autres groupes."

Quant aux autres gisements que ceux faisant partie du contrat susmentionné, les Allemands ont eu les rendre tributaires en base de leur concession du chemin de fer, et cela en vertu de l'article 22 du convention du 5 mars, 1903, qui donne aux concessionnaires du Chemin de Fer de Bagdad le droit d'exploiter des mines sur une zone de 20 kilom. de chaque côté de l'axe de la voie.

Le tracé du chemin de fer, ayant prévu cette clause, a été fixé de façon que toute la région pétrolifère reste comprise dans cette zone de 20 kilom. En ce qui concerne la région de Kerkouk, Meissner Pacha, l'ingénieur en chef des travaux de la ligne en Mésopotamie, juge opportun, en faisant les études préliminaires du tronçon Mosoul–Bagdad, de proposer un nouveau tracé qui supprimait l'embranchement Sadjié-Hanékine, en lui substituant celui-ci de Mosoul–Kerkouk–Sadjié–Bagdad. Cette proposition fut acceptée au commencement de 1912 par le Ministère des Travaux publics, de façon que la ligne passera maintenant aussi par les terrains pétrolifères de Kerkouk, Touz-Churmati, Zifri et Bakuba.

De là, le second avantage pour les Allemands, aussi important que le premier, soit: "Droit d'exploitation de toutes ces contrées pétrolifères, exclusivement pour le concessionnaire du chemin de fer, et en base de sa concession."

De ce qui précède, il ressort que le groupe allemand s'est garanti l'exploitation de tous les gisements connus à ce jour, et cela tant en base du contrat avec la Liste civile que par sa concession générale du Chemin de Fer de Bagdad. Actuellement, le même groupe s'efforce de contracter d'autres terrains pétrolifères et donne toute son attention aux recherches des particuliers et à quelques nouvelles découvertes qui présentent déjà un certain intérêt.

Il paraît que le groupe allemand est secondé par un autre, aussi puissant comme finance, mais surtout faisant autorité dans la matière. Il m'était impossible d'apprendre le nom de ce groupe: on prétend que c'est un groupe anglais, mais il y a lieu de croire que c'est un groupe hollandais, autrefois très intéressé aux affaires de pétrole en Mésopotamie. De tout ce qu'on peut constater, on pourrait aujourd'hui affirmer qu'un bel avenir en Asie Mineure est réservé à l'industrie du pétrole, et cela dans un laps de temps qui ne paraît pas être très éloigné.

Il serait, pour cette raison, intéressant d'approcher le groupe allemand et l'amener à une entente sous la base d'une participation d'un tiers pour chaque groupe.

Pour terminer ce mémoire, je voudrais citer encore quelques notes sur les gisements de pétrole en Mésopotamie. Paul Rohrbach, qui a visité ces contrées à plusieurs reprises, les compare aux contrées pétrolifères de Bakou avant que les Russes aient commencé leur exploitation. Il va si loin à comparer aussi les émanations de gaz à celles de l'Amérique dont les divers emplois s'évaluent à plusieurs millions de francs.

A 25 kilom. de Mosoul, pas loin de l'endroit dénommé Hamman-Ali, on rencontre déjà des traces indiquant l'existence de pétrole; à 60 kilom. au sud de Mosoul, à proximité de Kayara, se trouve des sources de naphte déjà en exploitation, mais naturellement d'une manière bien primitive. Ces sources produisent environ 1,000 kilog. par jour, vendue à 30 centimes le kilogramme. A huit heures environ au nord de Mosoul, il y a un autre gisement avec un jet de naphte de 30 centim. Dans un rayon de deux à trois heures de distance, on trouve d'autres gisements, mais qui ne sont pour le moment l'objet d'aucune exploitation systématique.

Sur le versant sud de Yurgur et près de Kerkouk il existe aussi des sources de naphte appartenant au Vakouf, et je crois nécessaire d'attirer l'attention sur ces sources, qui ne dépendent pas du Gouvernement et ne font pas partie des accords avec les Allemands.

Au sud-est de Kerkouk, il y a le Neft Dagh (Montagne de Naphte), dont les sources sont affermées à raison de £T. 200 par an. Remarquables sont les gisements de naphte dans le nord de la province de Bagdad. Les traces de pétrole se prolongent vers le sud-est jusqu'à Mendeli. Il y a une trentaine d'années, un entrepreneur retira de ces contrées des bénéfices de £T. 800 à £T. 1,000 par an, mais sur des difficultés rencontrées à Constantinople au sujet d'une concession qu'il demanda, il abandonna l'entreprise en démolissant toutes ses installations.

On rencontre aussi une exploitation rudimentaire dans les terrains de Hit, sur l'Euphrate, à environ 150 kilom. à l'ouest de Bagdad.

Si d'après ce qu'on peut juger, vu les efforts du groupe allemand, les affaires de pétrole en Asie Mineure promettent beaucoup, il ne faudrait pas oublier, et cela spécialement en ce qui concerne les divers détenteurs de nouveaux permis de recherches pour des pétroles en Mésopotamie, que les affaires de pétrole en général sont sujettes à de graves déconvenues, surtout dans un pays où des gisements d'asphalte ou d'autres similaires, sont pris pour les indices infaillibles de l'existence de pétrole ; cependant, il est sûr et certain qu'en dehors des gisements connus en Mésopotamie, il y a encore d'autres plus rapprochés de la mer, mais qui rentrent dans la zone des chemins de fer français sur lesquels je me réserve de revenir prochainement.

R. SEEFELDER.

Constantinople, janvier 1914.

[10036] No. 201.

Sir R. Rodd to Sir Edward Grey.—(Received March 6.)

(No. 47.)
(Telegraphic.) R. *Rome, March* 6, 1914.

YOUR telegram No. 59 of 5th March.

I have made communication as instructed. Minister for Foreign Affairs informs me that he has telegraphed to M. Nogara to sign arrangement with British company as it stands, and to come to Rome to report. Italian Foreign Office have not yet seen text of arrangement. He feels that once it is signed it will be easy to arrange the matter which I have reported in my despatch No. 79, to which, I gather, he does not attach great importance, though President of the Council is preoccupied as to effect on public opinion.

It is suggested here that difficulty would not only be met, but that a very favourable impression would be created if British company would accept idea of reciprocity in the sense that, if two British directors are placed on the board of Italian company dealing with port and with line from Adalia to Kizilkaya, there should be an Italian director or directors for section of line from Kizilkaya to Buldur, which will be made and administered by British company. They are anxious to establish appearance of reciprocity in order to meet criticism here.

[9863] No. 202.

Sir Edward Grey to Prince Lichnowsky.

(Confidential.)

SIR E. GREY presents his compliments to the German Ambassador, and has the honour to inform His Serene Highness that on the 3rd instant His Majesty's Ambassador at Berlin was instructed to inform the German Government that His Majesty's Government were on the point of concluding their agreements with Turkey so far as they are connected with the proposed customs increase as distinct from the monopolies, and that they hoped to reach complete agreement with the German Government in regard to the proposed Anglo-German Convention respecting the Bagdad Railway and cognate matters forthwith. Sir E. Goschen was further to explain that His Majesty's Government were, however, disturbed by the reflection that the British agreements both with Germany and with Turkey could not, to a large extent, become operative until the conclusion of corresponding agreements between the Bagdad Railway Company and the Ottoman Government, and the Ottoman Government and the German Government, and that progress in this direction did not appear to be very rapid. His Excellency was to add that the 31st March was the latest date fixed for the ratification of the British agreements with Turkey, and, both on this account and in view of the urgent necessity of Turkey for money, which could not be raised until the customs increase had been agreed to, His Majesty's Government earnestly trusted that the negotiations at Berlin might soon be concluded.

His Majesty's Ambassador has now been informed by the German Government that the negotiations in question are in suspense, owing to the prolonged absence of Djavid Bey at Paris, and, while the German Government are anxious for their early conclusion, they evidently are far from confident that they will be resumed at an early

date, and they are able to give no indication of the date when a conclusion may be anticipated.

His Majesty's Government have received this news with much disappointment; they are being pressed to lay the British agreements before Parliament, or to disclose their contents, and a prolonged delay will cause serious inconvenience and even embarrassment. In these circumstances Sir E. Grey would greatly appreciate the action of the German Government if they could expedite the progress of negotiations in which his Majesty's Government are closely concerned, since their conclusion is a necessary preliminary condition of the Anglo-German and the Turco-British agreements being brought to a successful issue.

Sir E. Grey therefore trusts that it may still be possible for the Turco-German negotiation to reach a conclusion before the 31st March.

Foreign Office, March 6, 1914.

[10010] No. 203.

Foreign Office to Sir H. Babington Smith.

Sir, *Foreign Office, March* 6, 1914.

WITH reference to recent informal communications which have taken place between you and this Department on the subject of the Mesopotamian oil concession, I am directed by Secretary Sir E. Grey to inform you, as representing the Turkish Petroleum Company and for the information of the parties interested therein, that the proposal that M. Gulbenkian should retain his interest but that voting power in respect of his shares should be vested in the D'Arcy group is not acceptable to that group, and that it is not one which His Majesty's Government can properly put pressure upon them to accept.

In these circumstances His Majesty's Government have reached a final decision that a 50 per cent. interest as regards share capital, free of all encumbrance of any kind, must be obtained for the D'Arcy group in the Mesopotamian concession.

The matter is one which cannot be longer delayed without grave inconvenience, and, consequently, if the Turkish Petroleum Company cannot see their way to participate in such an arrangement, His Majesty's Government will feel compelled to take such steps as they may think proper to secure the interests of the D'Arcy group.

I am, &c.
W. LANGLEY.

[10127] No. 204.

Ottoman Rialway from Smyrna to Aidin.

Heads of a proposed Agreement between the Ottoman Railway from Smyrna to Aidin (hereinafter called "the Company") and Signor Nogara, representing an Italian Syndicate called the "Società Commerciale, Industriale e Finanziaria" (hereinafter called "the Syndicate").

ARTICLE 1.

THE Company and the Syndicate to co-operate to procure that the Ottoman Government shall—

1. Withdraw its demand, made through his Highness Hakki Pasha, on 13th February, 1914, that the Company shall construct:—

(*a.*) A line connecting the Company's branch line to Lake Bouldour, a concession for

which has already been granted, with a port on the Gulf of Adalia ;

with the exception of that portion of such line running from Eski Yer southwards to the Town of Bouldour and thence to a point on the proposed line of the Syndicate near Kizilkaia ;

(*b.*) A line of railway from a point on the Company's main line near Aidin to Marmarice viâ Mougla ;

with the exception of that portion of such line running southwards to the Town of Tchina.

2. Grant to the Syndicate a Concession to construct :—

(*a.*) A line from Adalia to the valleys of Ak-Sou and Keupru-Sou and the Town of Alaja, and thence proceeding eastwards, but not passing north of the latitude of Ak Seki.

(*b.*) A line from Adalia to Kizilkaia, with a branch to Foulla, and a line from Kizilkaia to Istanos and Elmaly with a branch to Kaz Tchiflik ;

(*c.*) A port or ports on the Gulf of Adalia ;

The general direction of the lines specified in this clause are approximately shown in the Map annexed hereto.

3. Grant to the Company a Concession to construct an extension of the Company's authorised branch line from Baladiz, viâ the Town of Bouldour, connecting the Company's main line at Baladiz with the line (*b*) of section 2 of this article, to be constructed by the Syndicate, at a point between Kizilkaia and Foulla.

4. Grant to the Company and the Syndicate adequate and properly secured guarantees, in an agreed form, in respect of—

(*a.*) The Company's existing line east of Karakouyou station to the town of Eghirdir ;

(*b.*) The Company's proposed branch from the east side of Lake Eghirdir to Lake Beyshehir ;

(*c.*) The Company's proposed branch from its main line southwards from Baladiz viâ Bouldour to a point near Kizilkaia ;

(*d.*) The line to be constructed by the Syndicate from Adalia to Kizilkaia.

ARTICLE 2.

The Company and the Syndicate mutually agree that they will not make any application to the Ottoman Government affecting all or any of the lines mentioned in sub-sections 2, 3, and 4 of Article 1 without a full disclosure to one another of the terms of such application and, if required, a full and frank interchange of views thereon.

ARTICLE 3.

The Syndicate agree with the Company that the Syndicate will not without the Company's consent request or accept from the Ottoman Government a Concession to construct or work—

(*a.*) Any railway north or west of Mougla, or any railway connecting the Company's railway, either directly or indirectly, with any port west of the Gulf of Adalia ;

(*b.*) Any railway parallel with the Company's railway along the Company's 40-kilom. zone ;

(*c.*) Any railway in a northerly direction from Foulla or any railway infringing the Company's 40-kilom. zone ;

(*d.*) Any railway east of Istavros passing north of the latitude of Ak Seki.

ARTICLE 4.

The Company agrees with the Syndicate that the Company will not request or accept from the Ottoman Government a Concession to construct or work the following lines of railway, or either of them, without the consent of the Syndicate, namely :—

(*a.*) Any prolongation, in a southerly direction towards Mougla, of any railway which may hereafter be constructed by the Company from its main line to the town of Tchina.

(*b.*) Any railway connecting the Company's lines with the railway mentioned in section 2 (*a*) of Article 1.

ARTICLE 5.

The Syndicate agree with the Company that the Syndicate will not attempt to tap by automobile or other organised service of any kind traffic within the Company's 40-kilom. zone.

The Company, for their part, agree with the Syndicate that the Company will not, in like manner, by automobile or other organised service of any kind, attempt to divert traffic from the railways mentioned in section 2 of Article 1 or from any railway to be constructed by the Syndicate between Makri, the Valley of Dalamann and Mougla.

ARTICLE 6.

The Company and the Syndicate hereby mutually agree that passenger fares and rates for all classes of goods, parcels, and live stock to and from any stations on the Adalia–Bouldour line of railway from and to any seaport on the Gulf of Adalia shall be agreed from time to time by the Syndicate and the Company on the following basis :—

The fares and rates shall be calculated on the mileage between the stations and such seaport and on rates per mile depending on the different categories of traffic and shall be fixed as follows, according to the Company's classification of goods (which rates are hereinafter referred to as "the fixed rates") :—

Class 1 ..	2·5	paras	per quintal	per mile (lira at 100)
„ 2 ..	5	„	„	„
„ 3 ..	5·5	„	„	„
„ 4 ..	6	„	„	„
„ 5 ..	6·5	„	„	„
„ 6 ..	7	„	„	„
„ 7 ..	8·5	„	„	„
„ 8 ..	10	„	„	„

Rates for parcels, "groups," live stock, and passengers shall be mutually agreed.

In any case where the Company charges special rates, lower than its tariff rates, between Baladiz or Bouldour and Smyrna, a reduction of the fixed rate on the Bouldour–Adalia line may be made in the same proportion as the proportion by which such special rates are lower than the tariff rates of the Company for the time being in force.

For example :—If the tariff rate per quintal for any particular class of goods from Baladiz to Smyrna is 10 piastres per quintal, and the Company's special rate is 9 piastres per quintal, only nine-tenths of the fixed rate per quintal, for the same class of goods, need be charged on the Adalia–Bouldour line.

No rates charged by the Syndicate from and to stations on the Kizilkaia–Istanos line to and from

any seaport on the Gulf of Adalia shall be lower than the fixed rates between Kizilkaia and such seaport, by an amount greater than the total rates which the Syndicate would have been obliged to charge between such station and Kizilkaia, if the fixed rates had been applied to the Kizilkaia–Istanos line.

For instance :—If goods of class 1 were offered for transport to Adalia from a station 10 miles from Kizilkaia, on the Kizilkaia–Istanos line, the lowest rate the Syndicate would be entitled to charge for such goods, would be the fixed rate per quintal from Kizilkaia to Adalia, less 25 paras per quintal, being the fixed rate of 2·5 paras per quintal multiplied by 10 (the number of miles between such station and Kizilkaia).

Notwithstanding any provision of this article to the contrary the Syndicate shall not, save as hereinafter provided, be bound to charge rates so high as to have the effect of diverting more than 10 per cent. of the traffic, in any particular class of goods, from the Syndicate's railway, so that it is carried by road to any seaport on the Gulf of Adalia instead of by the Syndicate's railway ; provided that this exception shall not apply to cases where goods are carried by road for a distance of 20 miles or less.

ARTICLE 7.

The Syndicate agree with the Company that the Syndicate will not charge rates from and to any station on the line mentioned in section 2 (*a*) of Article 1 and any seaport, which shall be so low as to divert traffic from the Company's line to or vessels on Lake Beyshehir, and such rates to commence with shall not be lower than rates to be calculated as follows :—by deducting 4 piastres (lira at 100) per quintal from the Company's corresponding rates in force from time to time between Lake Beyshehir and Smyrna, for low-class goods, and for other categories of merchandise, by deducting amounts varying with the Company's classified tariff for the time being in force, but not less than 8 piastres per quintal for goods of the highest class at *petite vitesse*, and for parcels, "groups," live stock, and all other forms of traffic (other than passenger traffic) on a sliding scale to be mutually agreed.

ARTICLE 8.

The Syndicate agree with the Company that:—

1. They will give the Company for the Company's traffic to or from and at the Syndicate's Port or Ports on the Gulf of Adalia the fullest facilities, including full running powers, if demanded at any time and from time to time by the Company.

2. If and when called upon by the Company to do so, they will enter into an agreement with the Company, the Anatolian Railway Company, the Bagdad Railway Company, and the Smyrna Cassaba Railway Company, or any of them, that identical rates shall be charged from any competitive points on any of the guaranteed lines of the Company or on any of the railways of the Anatolian Railway Company, the Bagdad Railway Company, the Smyrna Cassaba Railway Company, and the Syndicate to and from all seaports; such rates to include all port and other charges, except those for warehousing and lighterage.

3. They will adhere, in so far as they are concerned, to the provisions of a proposed Anglo-Turkish Convention regarding railways in Asiatic Turkey, a draft of which was initialled in London on 12th August, 1913.

Note.—Consideration of sections 4, 5, and 6 is reserved.

4. *They will give the Company the right from time to time and at all times to appoint two Directors of any Company or Companies to be formed by the Syndicate to build and/or operate the railways and ports or any of them mentioned in section 2 of Article 1.*

5. *If at any time hereafter they propose to sell, lease, or otherwise dispose of the line to be constructed by them between Kizilkaia and their port or ports on the Gulf of Adalia and/or such port or ports, they will give the Company one year's notice of their intention to effect such sale, lease, or other disposal, and until the expiration of such notice the Company shall have the right, by itself or its nominees, to acquire such line or such port or ports on terms at least as favourable, in all respects, as the terms upon which the Syndicate were proposing to sell, lease, or otherwise dispose of the same.*

6. *Subject as hereinafter provided the Syndicate will secure that effective arrangements shall be made so that the control of any Company or Companies formed by the Syndicate, to construct or operate the line and port or ports mentioned in section 4 of this Article, shall not pass into the hands of persons or corporations other than Italian subjects; Provided that if such Company or Companies as aforesaid, or any of them, shall, at any time or times hereafter propose to part with such control they will give the Company one year's notice of their intention in that behalf and, until the expiration of such notice, the Company shall have the right by itself or its nominees to acquire the control of such Company or Companies on terms at least as favourable in all respects as the terms upon which such Company or Companies were proposing to part with such control.*

ARTICLE 9.

Note.—This Article will be inserted, if the Syndicate accepts sections 4, 5, and 6 of Article 8.

If at any time the Company proposes to sell, lease, or otherwise dispose of its line of railway to be constructed between Baladiz and a point on the line to be constructed by the Syndicate between Kizilkaia and Foulla, the Company will give the Syndicate one year's notice of its intention in that behalf, and until the expiration of such notice the Syndicate shall have the right, by themselves or their nominees, to acquire such line on terms at least as favourable, in all respects, as the terms upon which the Company was proposing to sell, lease, or otherwise dispose of the same.

If at any time or times hereafter the Syndicate shall be able to prove to the reasonable satisfaction of the Company that 51 per cent., or more, of the capital of the Company is at that time owned by persons, firms, or corporations other than British subjects, the Syndicate shall not be bound to comply with the provisions of sections 4, 5, and 6 of Article 8; provided that if, at any time or times thereafter, the Company shall be able to prove to the reasonable satisfaction of the Syndicate that more than 50 per cent. of the capital of the Company is at that time owned by British subjects then the obligations of the Syndicate under the provisions of the said sections shall be revived, except in so far as the Syndicate shall then have put it out of their power to comply with the provisions of sections 5 and 6 of the said Article.

For the purposes of this Article the capital of the Company shall mean any share, stock, obligation or security the ownership of which confers the privilege of voting at any General Meeting of the Company.

ARTICLE 10.

In the event of the Company and the Syndicate being unable, at any time, to agree as to the rates to be charged by them or either of them from time to time under the terms of Articles 6 and 7 or as to the nature and extent of the facilities and/or running powers to be offered by the Syndicate to the Company under the terms of section 1 of Article 8 the question in dispute shall be referred to an impartial referee appointed for the purpose by His Britannic Majesty's Board of Trade on the application of either party and the decision of such person shall be final and binding upon the parties who shall carry it into immediate effect.

ARTICLE 11.

It is to be a term of any Agreement being entered into between the Company and the Syndicate that the following conditions shall be fulfilled :—

1. That the Concessions mentioned in sections 2, 3, and 4 of Article 1 are granted by the Ottoman Government within
from the date hereof.

2. That no onerous and unreasonable conditions are imposed on the Company by the Ottoman Government in return for such Concessions being granted.

3. That—

(*a.*) The line between the Gulf of Adalia and Kizilkaia shall be completed within , and shall be of a character at least as good as the Company's existing line between Karakouyou and Eghirdir ;

(*b.*) That there shall be no obligation on the Company to commence the construction of its Railway south of the town of Bouldour until the Syndicate's Railway from the Gulf of Adalia to Kizilkaia shall be at least half completed.

ARTICLE 12.

Any dispute or difference which may arise hereafter concerning the interpretation of these presents or of the formal Agreement to be entered into at an early date in pursuance of these presents, or of the rights, duties, and

obligations of the Company, the Syndicate and/or any Company or Companies to be hereafter formed by the Syndicate in connection with the matters above mentioned shall, failing agreement, be referred to the sole decision of an Arbitrator, to be appointed by the parties to such difference. Failing agreement, Her Majesty the Queen of the Netherlands shall be invited to appoint the Arbitrator. The decision of the Arbitrator shall, notwithstanding any law or custom whatsoever to the contrary, be final and binding upon such parties.

ARTICLE 13.

It is understood that the above arrangements will be incorporated in a formal Agreement, of which the British, Italian, German and Ottoman Governments, and if necessary the French Government, will be invited to take official note. The said Governments will be invited, so far as they are concerned, to undertake to uphold, individually and collectively, the agreement when concluded, and to use their best endeavours in order that the terms thereof may be punctually and faithfully complied with.

Initialled *ad referendum :*

B. N[OGARA].
F. S[INGLE].

London, 6th March, 1914.

Annex.

Mr. Slaughter to Signor Nogara.

Dear Sir, *March* 6, 1914.

OTTOMAN Railway Company : Smyrna to Aidin.

Referring to the agreement between your syndicate and my clients, the above company, which has been to-day initialled *ad referendum*, I write this letter to confirm, what I have already told you, that my clients will only be bound by the terms of this agreement if the Anatolian and Bagdad Railway Companies do not oppose my clients' obtaining the concessions relating to the extensions of their railway and the navigation of the two Lakes Eghirdir and Beyshehir, for which they have already asked, or if they do oppose my clients are able to overcome that opposition and reach a satisfactory agreement with the Anatolian and Bagdad Railway Companies in connection with these matters.

If that situation should arise my clients will approach, with willing minds, the negotiation with you of a further agreement on terms not preventing their obtaining what they ask from the Ottoman Government.

At the conference yesterday the possibility was discussed of a line being constructed so as to connect the Makri–Mougla line of your syndicate with their eastern lines, and thus link up my clients' railway system with Makri or some other

port west of the Gulf of Adalia, and to meet my clients' views you agreed that such a junction should not be made without their consent.

To avoid any possible misunderstanding, I feel I ought to state in this letter that if, at any future date, the Ottoman Government insists upon the construction of a line by your syndicate connecting my clients' system of railways directly or indirectly with any port west of Adalia, my clients will stipulate, as a term of any arrangement on the subject, that they shall have the right to nominate two directors to the board of any company or companies which may own or operate such port or railway.

Yours faithfully,
W. CAPEL SLAUGHTER.

[10048] No. 205.

Sir R. Rodd to Sir Edward Grey.—(Received March 7.)

(No. 79.) *Rome, March* 3, 1914.

Sir,

ON my calling on the Minister for Foreign Affairs this morning, he said to me that he thought the negotiations between the Italian syndicate and the Smyrna–Aidin Railway Company had taken a very satisfactory turn, and he expressed himself generally in appreciation of the spirit in which this question had been treated in London.

At the same time a point had arisen which was rather preoccupying him and about which he desired to speak to me with perfect frankness. The British company, in coming to terms with the Italian syndicate, had put forward a claim which he recognised as entirely just and equitable, namely, that they should be represented on the Italian board of directors. They had interests which it was of importance to them to watch over, and it was perfectly legitimate that they should be associated with the management. Looking at the question from the point of view of Minister for Foreign Affairs he had been quite disposed to agree.

On the other hand, Signor Giolitti, who was chiefly concerned with the internal situation, and was in a position to know the prevailing tone of public opinion on an issue in which the Government had a difficult task to face, had represented to him that this claim of the Smyrna–Aidin Company, entirely reasonable in itself, and made solely in the interests of their business, would present serious difficulties in Italy. There was a large body of opinion here which had persuaded itself that Italy was abandoning a very tangible reality for a very shadowy advantage, which would at best benefit not the country which had paid the bill, but only a small group of concessionnaires. The presence of British directors in the management would be regarded as a sort of veiled supervision of control. The uneducated public did not realise that it was a commercial company which was in question, but would use that general vague expression "the English" as the other party concerned, and represent that we were insisting on a sort of guardianship. He was afraid there would be a newspaper campaign, and that disagreeable things might be said, and that all the work which had been accomplished with so much goodwill would not outweigh the irritation which would ensue. Signor Giolitti had expressed to him his strong conviction that the simple acceptance of the proposal which he, the Marquis di San Giuliano, had contemplated would have this unfortunate effect.

His Excellency asked me, when the debate on the war in Libya had closed, to go and see Signor Giolitti myself and hear his views. Meanwhile he said he was turning over in his mind what could be done to meet the difficulty. He felt sure it could and would be surmounted. One way which occurred to him, and on which he would like to have our opinion, was that the Italian company should be divided up into two or more companies, and that the management of those dealing with concessions which directly affected the Smyrna–Aidin Company should have English directors on their board or boards. Such would be the company for the construction and management of the port of Adalia. Other enterprises in which the British company had no direct interest might be left to exclusively Italian management. He presumed the Smyrna–Aidin Company would not object to such a proposal. Another suggestion which had been made was that of reciprocity, if the Smyrna–Aidin Company would admit an Italian director ostensibly to look after any Italian interests which might be affected. It would be rather a matter of appearance than of reality. I said it seemed to me that the two positions were very different. The Smyrna–Aidin Company was an old and going concern, and to ask them to admit a foreign element into their administration

was a very different thing from the claim which they had advanced to be represented on a new concern which might conceivably come into competition with the old one. There were precedents in other arrangements now under discussion with Turkey for the admittance to managing boards of the representatives of other nations who had interests in the area of concession. There was also another point which occurred to me, namely, a refusal on the part of the Italian syndicate to admit the English directors to their councils, would certainly be calculated to excite suspicion, especially in Turkey, that Italy contemplated something more than merely commercial concessions, and would at once dispose the Turkish Government to place difficulties in the way of granting concessions at all. There were evidently elements at Constantinople which were opposed to granting any concessions to Italy, and it would certainly be a mistake for the Italian Government to give those elements a new and plausible argument in support of their contention that Italy was seeking to establish a sphere of influence under the disguise of commercial concessions.

His Excellency appreciated and fully admitted the force of this argument, and said he would add it to others which he was submitting in a note to Signor Giolitti. A way round must evidently be found. There was no question really between us, but the question was how to satisfy opinion in this country, which was getting rather exacting. He had to admit that there was force in what Signor Giolitti had just put forward, as he had to recognise that the Italian people were entitled to look for their share of available concessions in the Mediterranean area of Turkey. On the other hand, as he said, the claim of the British company was reasonable and equitable, and he hoped we might help him to find a way to turn the difficulty. Time was pressing and he was very anxious not to delay the settlement.

I have, &c.
RENNELL RODD.

[10195] No. 206.

India Office to Foreign Office.—(Received March 7.)

Sir, *India Office, March* 6, 1914.

I AM directed by the Secretary of State for India to acknowledge the receipt of your letter of the 28th February transmitting communications from the Anglo-Persian Oil Company on the subject of oil concessions in the Basra and Nejd districts, and at Koweit and Bahrein.

As regards the two latter, the Sheikh of Koweit has already undertaken, as Sir E. Grey is aware, to grant a concession only to a nominee of the British Government; while the Resident in the Persian Gulf has been instructed to obtain a similar undertaking from the Sheikh of Bahrein. In these circumstances there would seem no objection, from the local point of view, to approaching the two rulers on behalf the Anglo-Persian Oil Company, provided His Majesty's Government are satisfied that the firm's application is deserving of support.

As to this, I am to invite reference to the 2nd paragraph of Mr. Abrahams' letter of the 15th September, 1913. It is understood that the negotiations now in progress between the company and the Lords Commissioners of the Admiralty are likely before long to be brought to a successful issue, in which case the former would presumably find themselves in a position to give satisfactory assurances regarding the permanent British character of their undertakings. Should such assurances be forthcoming, the Marquess of Crewe would be disposed to support the company's application for exclusive prospecting licences at Koweit and Bahrein, but he would suggest that the Admiralty should be consulted before any decision is arrived at on this point.

His Lordship has no special remarks to offer in regard to oil concessions in the Basra and Nejd districts. But he agrees as to the necessity, referred to in Sir E. Grey's telegram No. 110, dated the 2nd March, 1914, to His Majesty's Ambassador at Constantinople, of respecting the limits of Koweit as defined in the convention of the 29th July, 1913.

I am, &c
T. W. HOLDERNESS.

[10178] No. 207.

Sir L. Mallet to Sir Edward Grey.—(Received March 7.)

(No. 143.) *Constantinople, March 6, 1914.*
(Telegraphic.) R.

SYRIAN oil.

Formalities for transfer of oil licences to Boxall, Suleiman Nasif, have been completed at Damascus, and official applications for concession of the oilfields were lodged with Mining Department here on 4th instant. Suleiman and Dr. Schumacher hold licences for oilfields outside, but in proximity to those in which Boxall is interested, and although these have been offered to him, he has not been able, I believe, for financial reasons, to take them up.

Both Schumacher and Suleiman are very anxious to put these properties in the hands of British capitalists rather than negotiate with others. I think it most important in the interests of concessions already applied for that we should endeavour to secure these holdings, and I would therefore urge, in view of Lord Cowdray's letter to you of 10th December, 1913, that opportunity may be taken of suggesting his co-operation with Boxall in acquisition and working of all the Syrian oilfields in which Boxall and his friends are interested. My impression is that Boxall would agree.

Standard Oil Company have secured options on twenty-three properties situated on east and west of the Dead Sea, licences for which are held by two notables and Suleiman.

Latter regrets having negotiated with the company, but, having failed to induce Rushton or Anglo-Persian to take them up and Boxall not being able to, he had no other course. Matters have advanced so far that he is leaving to-day for New York to discuss details of the contract with Standard directors. Standard Oil are at present very active and eager to take up any available properties, and have offered to take over all Boxall's holdings, whichhe has refused.

[10254] No. 208.

Sir L. Mallet to Sir Edward Grey.—(Received March 7.)

(No. 145.) *Constantinople, March 7, 1914.*
(Telegraphic.)

YOUR telegram No. 59 of 5th March to Rome: Smyrna–Aidin Company.

I understood from second paragraph of your telegram No. 108 of 2nd March that Adalia–Kizilkaia line was a separate company.

If there is only one Société Anonyme Ottomane for all lines, as I at first understood was the case, then Makri–Moughla line would naturally come under the same board, on which there are to be two British directors, which goes far to meet objections raised in my telegram No. 139 of 4th March

If this is so, I do not quite understand first sentence of second paragraph of your telegram No. 59 to Rome, which would appear to diminish rights which Nogara had already recognised.

[10127] No. 209.

Sir Edward Grey to Sir L. Mallet.

(No. 122.) *Foreign Office, March 7, 1914.*
(Telegraphic.) R.

THE provisional agreement between the Smyrna–Aidin Company and M. Nogara was initialled *ad referendum* on 6th March, and a copy goes to you by post to-day.

The object we have had in view has been Anglo-Italian co-operation, which was urged in your Excellency's earlier telegrams as desirable; but Smyrna–Aidin Company is not required to co-operate with Italians in securing from Turkey Makri–Moughla concession. Agreement merely provides that no junction shall be effected between those places and company's system without company's consent. Company have also made it clear that if Ottoman Government insist upon a junction company must insist upon having two directors on any Italian lines or ports so linked up.

The agreement, after being approved by Italian Government, will be submitted to Anatolian Railway Company and Ottoman Government, and, pending their assent, it will remain provisional. There is no question of the British Government requesting the Ottoman Government to grant the Italian concessions.

(Repeated to Rome, No. 61.)

[10244] No. 210.

Foreign Office to India Office.

Sir, *Foreign Office, March 7, 1914.*

WITH reference to previous correspondence respecting Bin Saud and his relations with the Ottoman and British Governments, I am directed by Secretary Sir E. Grey to transmit to you, to be laid before the Secretary of State for India, the accompanying copy of a minute by Mr. Parker recording a conversation with Hakki Pasha.

I am to state that, in the opinion of Sir E. Grey, the fact that information regarding the recent meeting between British officers and Bin Saud has come to the knowledge of the Ottoman Government renders it necessary that the utmost care should be exercised in regard to any future communications with that chief, as it is clear from the language of Hakki Pasha that such communications do in fact tend to give rise to grave suspicion on the part of the Ottoman Government.

Sir E. Grey is further of opinion that, in view of the language of His Highness, the utmost caution should be observed at the interviews which are to take place with Hakki Pasha next week, in order that the Ottoman Government may be reassured as to the attitude of His Majesty's Government. Sir E. Grey believes that the Ottoman Government, if treated with frankness, will show themselves prepared to meet the reasonable requirements of His Majesty's Government, but he is anxious to dispel any erroneous impression which may have arisen that British policy is directed towards weakening the Ottoman authority in Nejd, as such a policy would be inconsistent with that of upholding the integrity of the Ottoman Empire to which reference is made in your letter of the 13th September, 1913.

I am, &c.
W. LANGLEY.

Enclosure in No. 210.

Minute by Mr. Parker.

I CALLED on Hakki Pasha to-day with reference to the Turco-German negotiations, and he took the opportunity of saying to me, under instructions, that it was persistently reported at Basra that His Majesty's Government had, through their agents in the Persian Gulf, entered into direct relations with Bin Saud with whom a meeting had, it was alleged, taken place. This had created a very painful impression at Constantinople, for the British Government had solemnly recognised that west of the blue line attached to the Convention signed on the 29th July, 1913, and to the north of that line, excepting Koweit, the territory was Turkish, and formed part of an Ottoman province; the Ottoman Government was, therefore, greatly concerned to hear that communications had been made by us direct to an Ottoman subject in territory recognised as Ottoman, and that any communication should not have been addressed to the Ottoman Government.

I said that curiously enough this was the very subject about which I wished to speak to him, and that the appointments I had already fixed for him at the Foreign Office on Monday and Wednesday were in order that he might have a full and frank interchange of views with Sir Percy Cox, who was shortly going to India, and with Sir A. Hirtzel and myself. We felt that it would be of great value for such an exchange to take place about our mutual interests in the Gulf, and about Bin Saud in particular. The meeting to which His Highness had referred had in fact taken place. Hakki Pasha would recollect that some months ago I had spoken to him about His Majesty's Government being able and willing to use their good offices in order to effect a reconciliation between him and the Ottoman Government, and His Highness had, after reference to Constantinople, expressed his Government's appreciation of our offer, which, if later need should arise, they would be glad to avail themselves of, but that

they were themselves in negotiation with Bin Saud and they hoped soon to reach a satisfactory settlement.

Now, however, no substantial progress seemed to have been made with Bin Saud by the Ottoman Government, and meanwhile there had been great unrest on the Trucial Coast and near Muscat, there were fears that Bin Saud, if His Majesty's Government treated him with coldness, would retaliate by forcible action against the tribes under our protection, and we could not face with equanimity the prospect of having to send a large expedition to quell any disturbances which might arise. This, and the fact that our merchants were damaged in their interests by being excluded from El Katif, made it necessary for us, from the force of circumstances, to address some communications to Bin Saud; but we were so far from wishing to undermine the Ottoman authority, or depart from an attitude of strict neutrality to which His Majesty's Government intended to adhere, that we had already arranged with Sir P. Cox to meet Hakki Pasha in order to have a full discussion.

Hakki Pasha said he had no authority to discuss the position with Sir P. Cox, but he would agree to meet him provided it was understood that the discussion should be tentative and non-committal. The Ottoman Government meant to re-establish their garrisons in El Hasa, and they would deeply resent it if Bin Saud received any encouragement from us. I repeated that we were and would remain neutral, but we had certain interests to protect on the Trucial Coast, and we must also insist upon our merchants having access to El Katif as to every other portion of the Ottoman Empire: we had, however, heard it stated that the Turks wished to exclude us from El Katif even for purposes of trade. Hakki Pasha said he could not think that this was really the case, but he impressed upon me that the Ottoman Government attached great value to our formal and binding recognition of the *Ottoman* province of Nejd, for Parliament was soon meeting and they would have to make full use of this in justifying the many concessions they had made to us, with regard to El Katr, the Aden delimitation up to the Ruba Al Khaila, and the Turco-Persian frontier; and if now they found that we did not in fact recognise Turkish authority in Nejd the agreements with us would be most unpopular: in fact the Ottoman Government would be bound by their engagements to us, and we should evade our own to them.

I impressed upon him very clearly and repeatedly that there was no question of any such evasion;—a situation of fact had arisen and must be faced, and for this purpose we wished to meet him in friendly discussion. If we had not wished to deal with the matter in this open and friendly way we should not have proposed to him in the summer to use our good offices to effect a reconciliation.

The discussion was quite friendly, but I feel that the situation is delicate, and that unless it is carefully handled the Turks may make difficulties.

A. P.

Foreign Office, March 7, 1914.

[10258] No. 211.

Sir L. Mallet to Sir Edward Grey.—(Received March 8.)

(No. 149.)
(Telegraphic.)

Constantinople, March 8, 1914.

YOUR telegram No. 122 of 7th March.

To avoid any misconception I should like to make it clear that I am entirely in favour of full Anglo-Italian co-operation, which I have recommended throughout. In this connection please see my telegram No. 129 of 28th February. I had hoped that it might have included Makri–Moughla line, although I quite see difficulty of securing this.

Possibly an opportunity may arise should Turkish Government offer opposition to this latter concession, especially if they raise the question of junction with Smyrna–Aidin line.

[10322] No. 212.

Sir L. Mallet to Sir Edward Grey.—(Received March 9.)

(No. 143.)

Constantinople, March 4, 1914.

Sir,

REFERRING to my telegram No. 135 of yesterday's date, I have the honour to enclose a series of detailed observations by the acting first dragoman of this embassy on your despatch No. 85 of the 19th February last and the enclosures therein. You will observe that Sir R. Crawford does not consider Hakki Pasha's suggestion, that eventual payment of awards under the Pecuniary Claims Agreement should be guaranteed by a post-dated draft on the Ottoman Customs Administration, a practical one.

He suggests that if any such guarantee is contemplated the intermediary of the Public Debt Administration should be employed. My own opinion is that, as the Paris Loan negotiations now seem likely to be successful, and as the avowed object of the intended loan is to "liquidate the past," His Majesty's Government would be justified in pressing their demand for a cash deposit. If, however, this should not be feasible Sir R. Crawford's suggestion might form the basis of a compromise with Hakki Pasha.

I would draw special attention to Mr. Ryan's remarks on article 8 of the draft articles concerning pecuniary claims. The legal dragoman of this embassy, who concurs in those remarks, points out that up to 1887 Turkish law allowed interest up to 12 per cent., and that the present law allows a maximum rate of 9 per cent. per annum, subject to a provision that no judge shall award interest to an amount exceeding the principal. Some of the claims of which settlement is now sought are based upon judgments in which the legal rate of interest has been allowed, hence the necessity for some such amendment of article 8 as Mr. Ryan suggests. The language should be comprehensive so that no claimant entitled by a clear provision of law to a higher rate of interest than 4 per cent. should be deprived of it.

I have also consulted Mr. Waugh about article 7 (*a*), on which Mr. Malkin especially desires a legal opinion from here. He thinks that the fact of Hakki Pasha having pressed strongly for the inclusion of this article in its present form should make us cautious of accepting it. The phrase "Ottoman law as applicable to British subjects, &c., under the treaties" might, for instance, be taken to include the Turkish Civil Code, which, being based on Moslem religious law, contains much that is at variance with commercial usages, and attempts to apply which in the Mixed Courts have in the past led to friction. So far as Mr. Waugh is aware, none of the treaties between Great Britain and Turkey contain any provision on the subject. After consulting with the judges of the Supreme Consular Court, Mr. Waugh thinks it would be unwise to tie the hands of the proposed arbitral tribunal by any express reference to Ottoman law, and suggests that, instead of "Ottoman law as applicable to British subjects," &c., to the end of the paragraph, it would be well to substitute "private and public international law." This would leave the parties free to argue, and the tribunal to decide, what law should be applied in each case.

As regards the question of a distinction, whether in relation to examination or actual mode of payment, between Floating Debt and other claims, the legal dragoman considers that His Majesty's Government should not recognise any such distinction or admit that their attitude towards the Floating Debt claims can in any way be affected by the reference of the Floating Debt question to the Paris Conference. That reference has to do with the proportion of Turkish liabilities as a whole which shall be taken over by the Balkan States on acquiring portions of Turkish territory, but individual creditors still look to the Turkish Government to pay what is due to them. I concur in this view. The distinction drawn between claims prior to July 1908 and those subsequent to that date is a wholly artificial one made by the Turkish Government for its own convenience, and it does not debar His Majesty's Government from utilising the present opportunity to secure full payment of all sums due to British subjects. The fact that the Turkish Government has entertained various projects for liquidating the pre-constitutional Floating Debt by part payment does not invalidate in any way the rights of foreigners. Most of the British claims under this head are for goods long since supplied or services long since rendered, and there is no good reason why payment should continue to be deferred indefinitely or should not be made in full once the Turkish Treasury is in a position to meet them. We have been very long-suffering in this matter. I am confirmed in the views which I have expressed by having just learned that the Russian Embassy here has insisted so successfully on the payment of

certain debts belonging to the Floating Debt period that they are now actually being paid off in cash instalments.

This proves that, while from the Turkish Government's own point of view Floating Debt claims have been placed on a separate footing by special legislation, as I stated in paragraph 5 of my telegram No. 52 of the 23rd January last, that legislation does not, as I then supposed, actually debar the Government from paying off particular Floating Debt claims without dealing with the whole. They have hitherto steadfastly refused to pay off particular claims independently of the rest, but the decision in regard to the Russian claim shows that this has been a question of financial administration, not of legal incapacity.

In connection with the new draft declaration on monopolies, &c., only two points require attention. The first has reference to article 4 of light dues, which still retains its previous form, notwithstanding the observations contained in my telegram No. 79 of the 2nd February, to which I venture to refer for an expression of my views.

The second point has reference to petroleum, and, though it also was adverted to in that telegram, it may be well to amplify what I then said under the heading article 1 (2). What had occurred to me was this: that the draft declaration debars the Porte from granting a monopoly until a satisfactory agreement shall have been come to about the exploitation of the Bagdad and Mosul oilfields, but contains no provision under which the future monopolist would be bound to purchase a portion of the petroleum produced in those oilfields by future British concessionnaires. If the declaration were strictly construed the Porte might argue that His Majesty's Government were entitled to claim a concession in favour of British subjects for the working of their fields, but could not insist on any right to supply a portion of the petroleum needed for consumption in Turkey. The result would be that, as far as Turkish markets are concerned, the British concessionary might find himself at the mercy of the monopolist, and might have to rely exclusively on foreign markets for disposing of the petroleum produced. The same would apply to any other British concessionary, who, under the new wording of the last paragraph of p. 1 of the draft, would be free to compete for exploitation rights in other parts of the Empire, but would in the same way have no assurance of a share in supplying local needs. It is possible that His Majesty's Government may not desire to make reserves in this connection, but I think the point should be clearly understood before the declaration takes final shape.

I have, &c.

LOUIS MALLET.

Enclosure in No. 212.

Observations on Contents of Foreign Office Despatch No. 85 of February 19, 1914, and its Enclosures.

LAST three paragraphs of despatch :—

I have seen Sir R. Crawford. He was not *au courant* of the details of Hakki Pasha's negotiations. When I outlined the position as regards pecuniary claims he took exception to the inclusion of Floating Debt claims, as that, he said, was a matter for the Paris conference. He said that one of the definite questions to be settled by the conference was whether the Floating Debt of £T. 10,390,000 was to be shared by the Balkan States or not. He took the view that if the Turkish Government were to touch claims included in that amount in any way pending a decision on that point by the conference it would prejudice their position. I expressed the opinion that, no matter what the decision as to the liability of the Balkan States as regards the Floating Debt as a whole, individual claimants still had only to do with Turkey. Sir R. Crawford did not seem to agree. I gathered his meaning to be that, when all the financial questions arising out of the war were being wound up, the Turkish Government would be liable for whatever share of the Floating Debt the conference might assign to it, and that His Majesty's Government would have to arrange with the other States concerned about such share, if any, as might have been assigned to them. It would all be a matter of accounts. In further conversation Sir R. Crawford explained that the £T. 10,390,000 which he had mentioned represented acknowledged liabilities. I expressed surprise, and said I was unaware that the Floating Debt claims had ever been sifted. He said they had. I said not with the co-operation of the claimants. Anyhow, Sir R. Crawford said, there was an item of £T. 10,390,000 for admitted liabilities under the heading of Floating Debt, details of which had been communicated

to the Paris conference, and he could not advise that the Porte should allow any claims included therein to be dealt with in any other way at present. I understood him to say that he would not have the same objection to claims prior to July 1908, but not included in that figure, being dealt with, for the Porte was tied to the £T. 10,390,000 so far as the Paris conference was concerned, and could not submit anything else under the heading of Floating Debt to the conference.

I report this conversation because of its general bearing and because what Sir R. Crawford says perhaps throws some light on the reason for restricting the recent French arbitration agreement to contested claims in as far as the period prior to July 1908 is concerned. But I still think that, whatever the Paris conference may decide as to the apportionment of the Floating Debt among States, individual claimants are entitled to recover the sums due to them from the Turkish Government only, which may or may not in its turn recover part from the States which have taken over part of its territory. Anyhow, it is hardly for us to make the point raised by Sir R. Crawford a stumbling-block, and I see no reason why the London negotiations should not proceed regardless of the Paris conference.

As regards the point on which we are especially instructed to consult Sir R. Crawford, he made it quite clear that he did not consider Hakki Pasha's suggestion a practical one. He said that much would depend on the sum involved and the amount of free revenue which the Customs Department had in hand. He not unnaturally evaded a direct answer to my question whether a draft as suggested by Hakki Pasha would be absolute security, but suggested that if we wanted a practical arrangement it would be better to bring the Debt Administration into it. To me personally it appears that a mere draft by the Turkish Government on one of its own Departments, payable at some future date, would be no real security. It would be another matter if there were some independent guarantee, *e.g.*, that of the Debt; but this would be rather elaborate. The simplest plan would be to hold to our demand for a deposit, which it should be easy to make as soon as the big loan is concluded.

Article 4 of the Draft Convention respecting Pecuniary Claims.

The word "compensation" sounds to a layman somewhat misleading, as there are so many cases where it is merely a question of paying bills and such like.

The proposed fourfold classification will make it necessary for the Porte to sift the claims in order to distinguish those in which some liability is admitted from those in which none is admitted before the convention is signed. Might it not be preferable to annex only two schedules on the lines of those appended to the draft, and to stipulate that within a fixed period from the date of signature the Porte shall furnish His Majesty's Embassy at Constantinople with lists showing in what cases it respectively admits some or denies any liability, it being understood that in the meantime the formation of the Tribunal shall be proceeded with?

Articles 5 and 6.—If the suggestion made in connection with article 4 were adopted these articles would have to be somewhat modified.

It might be well to add to article 6 a stipulation that in the case of judgment debts the function of the Tribunal will simply be to place on record the amount due under the judgment on the date of the award. This is implied in the article as it stands, but in view of the individual importance of some of the few judgment claims, and the fact that they have already been finally decided by the ordinary courts, it might be well to make the point absolutely clear.

Article 7 (a).—The clause "shall be decided in accordance with the special conditions of the agreement or contract" seems to me a little narrow. I should like to see it amplified into something like "shall be decided in accordance with the special conditions of the agreement, contract, judgment, grant, or other act or arrangement giving rise to such rights, privileges," &c.

I do not like the clause "but that the municipal law of some other country is applicable." It is important that the Tribunal should be competent to decide whether any particular Ottoman law is applicable to the claimant, but the alternative would not necessarily be the municipal law of some other country. I should prefer something like, "Should, however, ... Ottoman law is not applicable to a particular case, the case shall be decided in accordance with such law, custom, treaty, or other, having the force of law, as the Tribunal shall hold to be applicable to it."

Article 8.—This raises a most important question in connection with judgment claims (and possibly some others) which already carry legal interest at a much higher rate than 4 per cent. Four per cent. would be reasonable in many cases when

claimants had been kept out of their money, or when the liability of the Turkish Government had been in dispute, but it would hardly be fair to reduce the interest to or below that rate in cases where Turkish law entitles the claimant to a higher. I should like to substitute for the second paragraph something like this:—

"Nothing in this article, however, shall deprive the claimant of his right to interest at a higher rate in any case in which by the provisions of Ottoman law or by the express conditions of any arrangement under which the claim arises he is entitled to interest at such higher rate. In all cases the interest, whether it be fixed by the Tribunal in accordance with the first paragraph of this article, or whether it be due in the ordinary course as contemplated in the first sentence of this article, shall run up to the date on which the amount awarded is paid to His Britannic Majesty's Government."

A further question may arise as to how the interest contemplated in the first paragraph is to be computed.

Article 10. I think documents in Turkish should also be admitted. In very many cases the documentary evidence will be in Turkish, and in simple cases, *e.g.*, those of horses requisitioned against a receipt, it should be unnecessary to have official translations made. The Tribunal might, however, be empowered to call for a certified translation in French of any document or material portion thereof, thus leaving it to the discretion of the majority.

Questions may arise as to the admissibility of oral evidence, how it is to be taken, and what, if any, precautions should be taken to ensure that Ottoman witnesses shall not withhold or distort the truth from fear of their own authorities. But I presume the powers given to the Tribunal by article 15 will enable it to deal with such matters later on.

Articles 14 and 15. I should like to see somewhere in the agreement an express provision that all cases shall be submitted to the Tribunal by His Britannic Majesty's embassy in Constantinople, which would presumably act through the agent of His Majesty's Government. In the simpler cases it should be unnecessary to put claimants to the expense of doing more than putting the agent in possession of the facts and documents in much the same way as if they were being submitted to the embassy with a view to ordinary diplomatic action. It would be within the discretion of the embassy and the agent to require more than this in the way of assistance in presenting the cases to the Tribunal.

Article 17. The "barrer" clauses seem reasonable: (*b*) will throw on His Majesty's Government the onus of once more giving the widest publicity to the necessity for claims prior to July 1908 being brought to their knowledge within six months.

List of Claims. Part I.

No. 5, Castel and Latta, Peru, should read Pera.

List of Claims. Part II.

No. 8. Calleya. The judgment no longer stands, having been set aside on *requête civile*. The claim holds, but cannot be put forward as a judgment debt.

No. 38. Manousis. It might be well to ascertain whether this is not being settled between the Greek and Turkish Governments.

No. 55. Tucker. The amount claimed is £T. 2,849·25½, which is approximately equal to 2,590*l*.

No. 58. J. W. Whittall. For Constantinople read Karabigha.

Mr. Malkin's Minute of February 11 *on* ex gratiâ *Claims.*

I think the only war claims, other than those for the value of property requisitioned or purchased for war purposes, are those in List of Claims, Part II, under Nos. 6, 9, 13, 14, 16, 23, 35, 36, 38, 46, 47, 52, 54, 57. In the case of No. 35, light dues, our ground of claim would be that the light dues are due only for services rendered, and are not leviable when the lights are not working. No. 36 is for the wrongful detention of a British ship. No. 38 is on account of a British interest in a Greek ship, alleged to have been wrongfully detained. No. 47 is for flour seized by soldiers in circumstances which make it possible for us to treat the case as one of ordinary requisition. No. 52 is for the wrongful seizure of a British ship. No. 57 arises out of a complicated business, and now proves to be in no real sense a war claim at all. In all these cases

I think the claims might go to arbitration without our being exposed to any risk of compromising general principles, though in one or two case, *e.g.*, No. 38 and No. 57, we may find that on other grounds it is unnecessary to go on with them.

This leaves Nos. 6, 9, 13, 14, 16, 23, 46, and 54 in connection with any of which the question suggested by Mr. Malkin may arise. I appreciate Mr. Malkin's difficulty, but I think that we must definitely face the fact (which he himself recognises as probable) that to adopt course 3 is equivalent to dropping the claims. One might perhaps do this without much compunction in the case of the largest item, No. 13, as the Commercial Company of Salonica appears to be only technically British. No. 6 is unimportant in amount. No. 54 is for contingent damages arising out of the commandeering of a horse, and I imagine it is very doubtful whether such claims need in any case be put forward. The greater part of No. 46 could be maintained on the ground that the Porte has already promised to indemnify three out of the four British subjects concerned, and that it is now simply a question of paying amounts already awarded.

There remain, however, four claims, Nos. 9, 14, 16, and 23, in connection with which the difficulty seems to retain its full force. I can only suggest that we might retain Nos. 9 and 14 on the ground that in an extra-territorial country the occupation of private property, even in time of war, requires consular consent, and that consequently, as no recourse was had to the consulates at the Dardanelles and Constantinople, the Turkish Government incurred a definite liability. As for No. 23, I can make no suggestion, for I presume that the principle held by His Majesty's Government as to legal non-liability for damage arising out of war applies even where the damage is alleged to have been caused by regular troops. No. 16 is similar to No. 23, but it remains to be seem whether its British character is genuine.

It has occurred to me that a similar difficulty may possibly arise in connection with some claims unconnected with the war, like Nos. 15, 18, 26, 27, 28, &c. In such cases it has been our habit to claim compensation on the ground of a failure of duty on the part of the Turkish Government. Does such failure give rise to a claim as of right?

Points in Mr. Malkin's undated Minute on the Draft Convention generally, which have not already been dealt with.

I think it highly desirable that article 5 should be retained.

Mr. Malkin's suggestion that the members of the Tribunal should receive a lower rate per week to be supplemented by a subsistence allowance in the case of those not resident in Constantinople seems a good one. Perhaps, however, it would be more convenient and more equitable if the two Governments paid their respective nominees separately and independently of each other, and shared only the cost of the umpire.

I think we certainly ought to have article 16 or some other stipulation about payment. Now that the Paris loan negotiations are so advanced, it ought to be quite possible for the Porte to pay off the claims within a reasonable time. If we do not insist on actual payment as a condition precedent of the actual application of monopolies, &c., we shall have lost an opportunity such as is not likely soon to recur. As regards Floating Debt claims, I think we are entitled to insist on payment of these in the same way with equal vigour. The Turkish Government have refused to pay off individual Floating Debt claims up to the present, on the ground that the whole debt must be dealt with simultaneously, but I believe that there is in reality no express provision of the law which prevents them from doing so; and even if there were, it would not be binding on His Majesty's Government in an international negotiation. Most of our Floating Debt claims are ones which it is highly desirable to get settled once for all, and there are several which it would be inequitable to let drag on.

New Draft of Declaration on Monopolies, &c.

The new draft meets most of the objections to the previous one indicated in embassy telegram No. 79 of the 2nd instant. Article 4 on light dues has, however, been allowed to stand. I think that, even if His Majesty's Government are prepared to abandon or not to insist on a categorical statement of the principle that the dues shall no more than suffice for the maintenance of the service, the last sentence of this article should still be altered by substituting 1924 for 1919. We are parties to the

agreement by which the lighthouse concession was extended up to 1924, and if we now stipulate for a new tariff to come into force in 1919, the position will be that the Porte will have some difficulty in keeping its word, the French concessionnaires will have a grievance against both us and the Porte, and English shipping interests will none the less urge us to insist on the more favourable of two inconsistent arrangements.

ANDREW RYAN.

[10324] No. 213.

Sir L. Mallet to Sir Edward Grey.—(Received March 9.)

(No. 145.) *Constantinople, March 4, 1914.*

Sir,

I TRANSMIT herewith a leading article from the "Turquie," a daily paper subsidised by the Italian Embassy and devoted to the development of Italian interests, on the subject of the execution of the Treaty of Lausanne.*

In the course of conversation yesterday the Grand Vizier again expressed to me his firm belief that the Italian Government had the intention of evacuating the Dodecanese. The assurances of the Marquis Garroni and of the Italian Minister for Foreign Affairs were so categorical that he could not but attach credence to them.

I said that I had noticed recently in the press a tendency to dwell more on the failure of Turkey to withdraw her officers and men from Lybia than upon the question of compensation, an I enquired his Highness's views as to the difficulties which the Italians were encountering with the tribes. His Highness said that his opinion had always been that the Italians would eventually come to some arrangement with the Arabs, and he felt sure that this would be the ultimate solution. The Italian Government were making a great deal of the presence of some Turkish officers with the tribes, but these complaints were greatly exaggerated.

I said that I had heard that Aziz Aly Bey, who had fought in Tripoli after the conclusion of peace, having been offered a command at Angora, it was considered by the Italians as a breach of a promise made by the Turkish Government not to re-employ any Turkish officer who had disobeyed orders in this way. I understood his Highness to reply that there had been no such promise.

His Highness's impression seemed to be that the Italian troops will evacuate the islands on obtaining concessions on the mainland.

My conversations with the Marquis Garroni have led me to the same conclusion. His Excellency has dwelt with great emphasis on the Italian intention to evacuate. He has emphasised to me that the islands would be of no use to Italy. The Italian Government was not yet ready to make a considerable addition to their fleet, which would be necessary if they retained possession of the islands. They were indifferent if Greece had them, although his Excellency always adds that Great Britain may one day regret having taken so strong a line in regard to the Italian occupation. His Excellency at the same time lays great stress on the determination of Italy to obtain compensation on the mainland, to which he appears to attach more importance than to the islands.

The creation of an Italian sphere of influence in Asia Minor, which includes the fine harbours of Marmarice, Karagatch, Makri, and the roadstead of Adalia, where the Italians would gradually build up interests and which in the meantime could not be the object of attack if Italy were at war, may indeed prove more attractive than the possession of the Dodecanese.

It is also a little difficult to understand why the Italian Government should be prepared to spend money on constructing works at Adalia when the three harbours mentioned above are so greatly superior. In connection with this discussion I would refer to the letter addressed to you by the Lords Commissioners of the Admiralty on the 7th June, 1913, on the choice of a naval base for the Turkish fleet. The Lords Commissioners recommended that it should be in the Sea of Marmora, as Turkey still maintained the control of that sea, but that if she suffered any further diminution of her European territory the best headquarters base would be Smyrna, Marmarice not being sufficiently central for the purpose, "though it has a magnificent harbour."

I am unaware whether the Lords Commissioners took into account the possession of Chios and Mitylene by Greece, which, one might imagine, would modify the

* Not printed.

advantages of Smyrna as the principal Turkish naval base—a point which has not been lost sight of by Turkey in recent discussions and which is much dwelt upon in connection with the alleged anxiety of the Powers for the maintenance of the integrity of the Asiatic dominions of Turkey.

I am also unable to judge how far the possession of Rhodes by a foreign Power, such as Greece, would affect the value of Marmarice, Karagatch, and Makri harbours as naval bases. It would seem that a Power holding Rhodes and exercising exclusive influence on the opposite mainland would be in a very strong position in the Eastern Mediterranean. On the supposition that Italy means to evacuate Rhodes, and has ultimate ambitions in regard to these great harbours, it becomes open to question whether she would not prefer that Turkey should remain in possession of Rhodes than that it should fall to Greece, and if this is the case it is not probable that Italy would favour an exchange of Chios and Mitylene if Rhodes were included in the bargain.

I have, &c.

LOUIS MALLET.

[10569] No. 214.

Memorandum communicated to Hakki Pasha, March 9, 1914.

BIN SAUD.

The subject being a complicated one it has seemed more convenient to draw up an informal memorandum for the personal information and use of his Highness Hakki Pasha.

In August last it was explained to his Highness that Bin Saud, by the fact of his assumption of control at Katif and Ojair and the coast-line of the El Hassa province, had now entered specifically into the sphere of Gulf politics and commerce; and that important British interests and obligations in the Gulf (*e.g.*, in connection with the maintenance of the maritime peace, the suppression of piracy, and the arms traffic; the settlement of pearling and slavery disputes) made it impossible for us to ignore Bin Saud and pretend to treat the province and coast of Hassa as politically derelict. We must necessarily have relations with someone in *de facto* authority, and the Turks having evacuated the region we must deal with Bin Saud and were glad to explain the position to them.

The above communication was an obviously frank and friendly act prompted by our desire to act with them in a spirit of mutual confidence and co-operation.

Hakki Pasha received the communication very favourably, and replied that the Porte was already in negotiation with Bin Saud and that if occasion for our mediation arose it would be taken advantage of.

In spite of this friendly response by his Highness we know from reliable local information that just after this exchange of communications, or conceivably just before it, the Ottoman Government were endeavouring to arrange terms with Bin Saud, some of which were clearly directed against the British Government and British interests. Thus, according to our information, the following are the conditions which the Porte are endeavouring to impose on Bin Saud as the price of his partial autonomy:—

1. The readmission of the Turkish garrisons to the province and coast of Hassa, as formerly.
2. The appointment of Kazis and other judicial officers by direct "farmans" issued by the Sultan.
3. The payment by Bin Saud of annual revenue of £ T. 3,000.
4. The reference of all communications from foreign Powers or their representatives to the Turkish authorities for disposal.
5. The exclusion of all foreign merchants and agents from the province.
6. An undertaking from Bin Saud not to give concessions to any foreign companies for railways or motor car-services.

Incidentally, the Minister of the Interior has since informed His Majesty's Ambassador (1st December, 1913), that the Ottoman Government had decided to recognise the recent *fait accompli* in Nejd (El Hassa) by nominating Ibn Saud as Mutessarif of that district.

The first three of the six conditions above quoted refer to matters with which we are not immediately concerned, but considering the frank communication made to Hakki Pasha in August by His Majesty's Foreign Office, it would not be unnatural

that His Majesty's Government should be greatly surprised at the terms of the latter three, especially 4 and 5, and, if the information proved to be correct, should feel constrained to protest strongly against them.

The only explanation of such conditions would appear to be that the Porte mistrust the assurances already offered of our readiness to co-operate, and that they fail to appreciate the difficulties in which we are placed by the continuance of the present unsatisfactory state of affairs between themselves and Bin Saud.

We fully recognise that Nejd is an Ottoman province, and have no desire to interfere in it, but for the reasons already given we cannot ignore Bin Saud now that he is in occupation of the coast-line. There is no secret regarding our requirements. What we require of him, for the maintenance and protection of our interests is :—

1. That he should not meddle in the territory or politics of Arab principalities in the Gulf, including Trucial Coast and Katur.
2. That like other sheikhs on the Arab side of the Gulf he should co-operate for the observation and maintenance of the maritime truce ; *i.e.*, the suppression of piracy and the pursuit of inter-tribal hostilities by the passage of armed dhows at sea.
3. That he should co-operate for the suppression of the arms traffic.
4. That British traders should be freely admitted to Katif, and properly treated while there.

There is nothing in these conditions to which either Bin Saud or the Porte can take the least legitimate objection ; at the same time it is only natural that while expressing his readiness to accept the obligations involved, Bin Saud should in return desire the friendly offices of the British Government in the composition of his quarrel with the Turkish authorities, and should ask us to deter sheikhs in relations with us from harbouring tribal enemies of his.

We had no wish to intrude ourselves, but the terms of the conditions which, as we hear, the Porte now seek to impose on Bin Saud, show so little friendliness toward ourselves, and are so impossible of acquiescence, that we are obliged to return to the subject.

We are primarily concerned to see the last three conditions withdrawn, but we should also be glad to see a satisfactory arrangement come to with Bin Saud by the Porte, under which as a corollary of their decision to regard Bin Saud as *ex officio* Mutessarif of El Hassa, they should approve and take cognisance of his undertaking to comply locally with our four desiderata above detailed, and, while reserving the right to take in the last resort whatever action they may deem necessary, should, by way of friendly co-operation with the British Government for the preservation of peace and good order in the Gulf, agree to refrain from hostile action by sea against the El Hassa coast, without first consulting us, and giving us an opportunity of friendly mediation if such be possible.

Foreign Office, March 9, 1914.

[6625] No. 215.

Anglo-Turkish Convention respecting the Boundaries of Aden, &c.

SA Majesté le Roi du Royaume-Uni de Grande-Bretagne et d'Irlande et des Territoires Britanniques au delà des Mers, Empereur des Indes, d'une part ; et

Sa Majesté l'Empereur des Ottomans, d'autre part ;

Désireux tous deux de compléter et de ratifier les protocoles signés (Annexe A) par les Commissaires ottoman et britannique en 1903, 1904 et 1905 pour indiquer la ligne de démarcation de la frontière arrêtée par eux pour séparer le vilayet du Yémen du territoire des neuf cantons d'Aden telle qu'elle est indiquée en bleu sur les quatre cartes annexées (Annexe B) ;

Ont nommé pour leurs Plénipotentiaires, savoir :

Sa Majesté le Roi du Royaume-Uni de Grande-Bretagne et d'Irlande et des Territoires Britanniques au delà des Mers, Empereur des Indes : Le Très Honorable Sir Edward Grey, Baronnet du Royaume-Uni, Chevalier du Très Noble Ordre de la Jarretière, Membre du Parlement, Principal Secrétaire d'État de Sa Majesté pour les Affaires Étrangères ;

Sa Majesté l'Empereur des Ottomans : Son Altesse Ibrahim Hakki Pacha, ancien Grand Vézir, décoré des Grands Cordons des Ordres Impériaux de l'Osmanié et du Medjidié en brillants ;

Lesquels, s'étant communiqué leurs pleins pouvoirs, trouvés en bonne et due forme, sont convenus de ce qui suit :

ARTICLE I.

Les Hautes Parties contractantes confirment et ratifient les protocoles signés par les Commissaires ottoman et britannique en 1903, 1904 et 1905, dont le texte se trouve à l'Annexe A de la présente Convention.

ARTICLE II.

Pour confirmer l'engagement pris à l'alinéa 1er du protocole en date du 20 avril, 1905, Sa Majesté l'Empereur des Ottomans déclare qu'il n'aliénera pas de quelque manière que ce soit le territoire, d'une étendue d'environ 550 milles anglais carrés, contigu à la ligne Djébel Nouman–Husn Mourad et situé dans les limites de l'ancien canton des Soubéha. Ledit territoire est indiqué en jaune sur la carte qui forme l'Annexe C de la présente Convention.

ARTICLE III.

Le point No. 1 du Ouadi Bana indiqué sur la première des cartes annexées (Annexe B) à la présente Convention, étant le dernier point du côté de l'est délimité sur les lieux, il est convenu entre les Hautes Parties contractantes et arrêté, conformément audit protocole, et sous réserve des conditions et spécifications y contenues, que la frontière des territoires ottomans suivra une ligne droite qui ira du Lekemet-ul-Choub vers le nord-est au désert de Ruba-al-Khali avec une inclinaison de 45°. Cette ligne rejoindra dans le Ruba-al-Khali, sur le parallèle 20°, la ligne droite et directe vers le sud qui part d'un point sur la rive méridionale du golfe d'Oudjeïr et qui sépare le territoire ottoman du sandjak de Nedjd du territoire d'El Katr, en conformité de l'article 11 de la Convention anglo-ottomane du 29 juillet, 1913, relatif au Golfe Persique et aux territoires environnants.

La première des deux lignes est indiquée en violet et la seconde en bleu sur la carte spéciale ci-jointe (Annexe C).

ARTICLE IV.

La présente Convention sera ratifiée et les instruments de ratification en seront échangés à Londres aussitôt que faire se pourra, et au plus tard dans un délai de trois mois.

En foi de quoi, les Plénipotentiaires respectifs ont signé la présente Convention et y ont apposé leurs cachets.

Fait à Londres, en double original, le 9 mars, 1914.

(L.S.) E. GREY.
(L.S.) I. HAKKY.

Annexe (A).

PROTOCOLES DE DÉLIMITATION DE LA FRONTIÈRE D'ADEN.

1903.

I.

LA frontière commence au nord à un point sur la rive méridionale (droite) du fleuve Bana, dit Ouadi Bana, en amont de la jonction du Ouadi Ara'ar avec le Bana

indiqué I sur la carte ci-jointe. Ce point est approximativement N.N.E. du Ras-Ilaf et n'est pas marqué par une borne.

II.

Du point I la ligne va directement au sommet du Ras-Ilaf. Ras-Ilaf, marqué II sur la carte, est le point le plus élevé d'une colline située à l'ouest (côté gauche) du Ouadi Ara'ar. Ce point n'est pas marqué par une borne.

De Ras-Ilaf la frontière va, en ligne droite, à Lekemet-ul-Muabir.

III.

Lekemet-ul-Muabir, marqué III sur la carte, est un contrefort à la rive occidentale (gauche) du Ouadi Ara'ar.

De Lekemet-ul-Muabir la frontière va directement à Zira-al-Michrak.

IV.

Zira-al-Michrak, marqué IV sur la carte, est une crête à la rive occidentale (gauche) du Ouadi Ara'ar. Il n'est pas marqué par une borne.

De Zira-al-Michrak la frontière suit une ligne droite jusqu'à Kubat-ul-Ara'ar en traversant la partie inférieure du ravin dit Djihas (Suflal-ul-Djihas).

V.

Kubat-ul-Ara'ar, marqué V sur la carte, est un mesdjid en ruine situé sur un contrefort entre le Ouadi Ara'ar et le Ouadi Kabi. Ce point n'est pas marqué par une borne.

De Kubat-ul-Ara'ar, la frontière passe en ligne droite à Darb-u-Dinat.

VI.

Darb-u-Dinat, marqué VI sur la carte, est une ruine sur un contrefort entre les Ouadis Sofa et Nasran, qui, en aval de leur jonction, forment le Ouadi Ara'ar. Ce point est indiqué par une borne en pierre non taillée et d'une hauteur d'environ 2 mètres. De Darb-u-Dinat la frontière passe en ligne droite à la jonction des Ouadis Nasran et Selala, laissant la cultivation à la jonction à Muréïs.

VII

La jonction des Ouadis Nasran et Selala, marqué VII sur la carte, n'est pas indiquée par une borne. De cette jonction la frontière suit le thalweg de Ouadi Selala jusqu'à la tête de ce Ouadi.

VIII.

La tête de Ouadi Selala, marquée VIII sur la carte, n'est pas indiquée par une borne. D'ici la frontière suit la ligne du partage des eaux du col dit Nedjd Messanah jusqu'à l'extrémité orientale du Djébel-Djémimeh.

IX.

Djébel Djémimeh, marqué IX sur la carte, est une colline bien désignée entre les villages du Marves-Saghis (Muréïs) et d'Ekziz (Chouaib). La frontière est ici désignée par une borne de pierre taillée en ciment. La base est un carré dont chaque côté à 80 cm. de longueur. La hauteur de la borne est de 1 m. 50 cm. Elle se trouve à l'extrémité N.E. du sommet et environ 10 mètres du point le plus élevé de la colline.

De Djébel-Djémimeh la frontière passe en ligne droite à Djos-ul-Essved (Dthitéba).

X.

Djos-ul-Essved, marqué X sur la carte, est situé sur le contrefort entre les Ouadis Husver et Mutéara. Il a été marqué par une borne de pierre non taillée sans mortier.

De Djos-ul-Essved la frontière passe en ligne droite à Nedjd-i-Mutéara.

XI.

Nedjd-i-Mutéara, marqué XI sur la carte, est un endroit plat sur le col formant la ligne de partage des eaux des Ouadis Mutéara et Al Djoo. Une borne de pierre en ciment, dont la base est un carré, chaque côté ayant 80 cm. de longueur et dont la hauteur est 1 m. 50 cm., a été construite pour indiquer l'endroit, mais, par accord entre les Commissaires des deux côtés, on l'a trouvée inutile et elle a été démolie.

De Nedjd-Mutéara la frontière passe en ligne droite à Lekemet-ul-Djetham.

XII.

Lekemet-ul-Djetham, marquée XII sur la carte, est un monticule formant le point le plus élevé de Lekemet-ul-Djetham lui-même. Une borne de pierre en chaux a été érigée sur un point environ 30 m. au sud-est du point décidé par la Commission, c'est-à-dire du point le plus élevé de Lekemet-ul-Djetham, mais, comme ce point était en dispute entre les habitants du Muréïs et Chouaib, cette borne a été démolie par ordre de la Commission.

De Lekemet-ul-Djetham la frontière passe en ligne droite à Lekemet-ul-Hamra, traversant le Ouadi Djurb.

XIII.

Lekemet-ul-Hamra, marqué XIII sur la carte, est un contrefort entre les champs de cultivation de l'Al Hakl et du Ouadi Djurb. Ce point n'est pas marqué par une borne. De Lekemet-ul-Hamra la frontière passe en ligne presque droite à travers Lekemet-u-Sôda et les champs de l'Al Hakl, sous un figuier (Beles) jusqu'à ce qu'elle se joigne avec la route entre la cultivation dite Al Hakl et le pied du Djébel-Havabil. Une borne (appelée la borne de "Beles" par la Commission) y a été érigée.

XIV.

La borne "Beles," marquée XIV sur la carte, est près de la lisière méridionale de la cultivation Al Hakl, un peu au sud du figuier. Ce point est marqué par une borne de pierre en chaux; sa base est carrée, chaque côté ayant 80 cm. de longueur; la hauteur à peu près de 1 m. 70 cm. De la borne Beles la frontière suit la lisière méridionale de la cultivation dite Al Hakl jusqu'à Djos-ul-Hada-ul-Essved.

XV.

Djos-ul-Hada-ul-Essved, marqué XV sur la carte, est un grand rocher noir à l'ouest de Ouadi Hadah et au pied du contrefort au N.E. de Haïd-ul-Khatm. Ce point n'est pas marqué par une borne. De Djos-ul-Hada-ul-Essved la frontière suit la ligne du partage des eaux du Haïd-Khatm jusqu'à son point le plus élevé.

XVI.

Haïd-ul-Khatm, marqué XVI sur la carte, est le point le plus élevé de la montagne connue sous ce nom et située entre le Ouadi Arach et le Ouadi Hadah. Ce point est marqué par une borne de pierre taillée en ciment des mêmes dimensions que No. IX.

Fait en double, à Kataba, le 18 octobre, 1903.

(Signé) R. A. WAHAB, *Colonel,*
Commissaire britannique.
MUSTAPHA, *Colonel,*
Commissaire ottoman.

1904.

DE Haïd Khatm la ligne de frontière passe à la tête du vallon dit Tinama (XVII), laissant la cultivation à Atebat et puis se dirige en ligne droite au point dit Zira-un-Néisse (XVIII), d'où elle passe droit au Res Nakil Adané (XIX); de là par Mimsama à Rihab-ul-Verde (XX); de là à Zahir Nakil Suvéida (XXI), et puis en ligne droite à

Nedjd-i-Maved (XXII), d'où elle suit la ligne de partage des eaux jusqu'au sommet du Djébel Barkan (XXIII).

De ce point elle descend au monticule de Lekemet-ul-Kourbié (XXIV), d'où elle passe directement au Lekemet Kissm Serav (XXV), marqué par une borne en ciment, et de là au sommet d'un petit monticule (XXVI), situé sur le versant méridional du Djébel Djarrad, et marqué aussi par une borne en ciment.

D'ici elle passe directement à Habil Zireh (XXVII), marqué par une borne en ciment et de là à un point (XXVIII) sur l'extrémité occidentale du Habil Bedr près du Nedjd-al-Aslum, marqué aussi par une borne en ciment.

D'ici la ligne va directement à un point (XXIX) près de l'extrémité occidentale du Habil Sourmi, marqué par une borne en ciment, et de là traverse le Ouadi à un point (XXX) sur Habil-ul-Amoudi, marqué par une borne en mortier ; de là elle va en ligne directe à un point sur Habil Djerdoumi (XXXI), marqué par une borne en mortier ; et puis traverse le Ouadi Abara en ligne directe à un point sur Habil Khadar (XXXII), marqué aussi par une borne en mortier.

De ce point la ligne passe tout droit à un point sur Habil Daver (XXXIII), marqué par une borne en ciment, et de là en ligne droite à Nedjd-un-Nuss (XXXIV), où une borne en ciment a été érigée.

(Signé) R. A. WAHAB, *Colonel*,
Commissaire britannique.
MUSTAPHA, *Colonel.*
Commissaire ottoman.

D'ici elle va en ligne directe à Lekemet-u-Tourab (XXXV), marqué par une borne en ciment ; de là à un point (XXXVI) sur Habil Raha, marqué pareillement par une borne en ciment, et puis tout droit au tombeau Véli Umr Ismaïl (XXXVII), d'où elle passe entre Kouléat-ul-Oulia et Kouléat-us-Soufla à un point sur Habil Haver (XXXVIII)—marqué par une borne en mortier—de façon à laisser la cultivation du côté de Kouléat-us-Soufla à Dakkam. De ce point la ligne passe tout droit au sommet du Djébel Sarir (XXXIX), et de là au point dit Mansoureh (XL) de façon à laisser la route de Hesha entre (XXXIX) et (XL), entièrement à la Turquie.

De Mansoureh la ligne passe au point dit Fenana (XLI), laissant la cultivation du village de Hefa du côté de Hesha.

(Signé) R. A. WAHAB, *Colonel*,
Commissaire britannique.
MUSTAPHA, *Colonel.*
Commissaire ottoman.

De Fenana la frontière descend par le contrefort à Res Hafasa ; de là elle suit la crête du contrefort, en passant par Lekemet-es-Shijja et Lekemet Hush, jusqu'au sommet du Djébel Rima (XLII). D'ici elle suit la ligne de partage des eaux jusqu'à Lekemet Kaima, en passant par Lekemet Jol Akarba, et puis traverse le Ouadi Haura en laissant le village de Sani à la Turquie, et le village Ghania, et le tombeau Ghani-bin-Ibrahim du côté d'Ahmedi. D'ici elle monte jusqu'à Rahwat-el-Fasih, et de là passe en ligne droite à Kod Essved (XLIII).

D'ici elle passe par la ligne de partage des eaux à Ras Dakhar, et de là à Habil Sharja, qu'elle traverse, jusqu'à Lekemet Shibah, d'où elle passe à Lekemet-es-Shajfa (XLIV), en traversant le Ouadi Tusan à sa jonction avec le Ouadi Mukheilan. D'ici la frontière suit la ligne de partage des eaux jusqu'à Lekemet-al-Basésa en traversant les points appelés Lekemet Saraya, Lekemet Mushammar, Ranwat Hilhal, Lekemet-al-Husun, Lekemet-al-Mimtar (XLV ; point où se rencontrent les frontières des Hauchabi, Ahmadi, et de Kama'ira), Lekemet Kasiha, Lekemet-al-Joubel, et Lekemet-el-Kafla.

Du point Basésa (XLVI) elle descend le contrefort par Shiben et Rahwat Nedjd à Tavilé (XLVII), marqué par une borne en ciment. D'ici elle passe entre les villages de Kharanin (Hauchabi), et Es Sareh (Kama'ira) à Rahwat Asekh ; de là à Ras Maharib et puis, contournant la tête du Ouadi Sheboua, arrive à Aresma (XLVIII), marqué par une borne en ciment placée au nord de Sheboua. De là elle passe au sommet des monticules Taoual et Ouakadie (XLIX), marqué par une borne en ciment, et puis suit les hauts points de Habil Arabi jusqu'à Mesdjid Arabi.

D'ici elle passe en ligne droite à Asfal Amshéri (L) marqué par une borne en ciment, et de là suit la crête du contrefort jusqu'à Djébel Koïdat et puis la ligne de partage des eaux jusqu'à Res Namis (LI).

(Signé) R. A. WAHAB, *Colonel*,
Commissaire britannique
MUSTAPHA, *Colonel*,
Commissaire ottoman.

1904.

DE Res Namis (LI) la frontière passe par Mourdifin et suit le Selat Neshama jusqu'à sa jonction avec le Ouadi Hakab (LII), d'où elle passe au sommet de Djébel Akour en laissant le village de Medfana aux Hauchabi. Du Djébel Akour elle suit la ligne de partage des eaux entre l'Ouadi Kharf et l'Ouadi Woubid jusqu'à Djébel Sheb Ali, et puis passe entre les hameaux de Doména (Koumaïra) et Mikla (Hauchabi), en suivant le sommet du précipice inférieur jusqu'au col dit Rikabet Tinsoum, d'où elle passe à la jonction du Shab Tinsoum avec le Ouadi Sodan (LIII), laissant le vallon appelé Shab Tinsoum avec sa cultivation au canton de Koumaïra. De ce point elle passe au sommet de Farch Harda, laissant le village de Harda aux Hauchabi, et de là passe tout droit au sommet de Farch Khousouli, d'où elle traverse le Warezan et continue au sommet du monticule appelé Dar-ul-Kahir (LIV), laissant le village de Tarian aux Hauchabi. De Dar-ul-Kahir elle passe à Dj. Houmala, dont elle suit le sommet jusqu'à Nijd Rahouat et de là passe à Dar Ouéted (LV). D'ici elle passe au haut point dit Mahoumi, ou Makbouba, et descend la rive gauche du Selat Lassab jusqu'à Lekemet Moukaibiri (LVI), situé à la jonction du Selat Lassab et le Ouadi Séhi. D'ici elle monte la rive droite du Ouadi Séhi et suit la ligne de partage des eaux le long du Djébel Ghéfan jusqu'à son sommet, et a Nijd Nijmia, d'où elle suit la ligne de partage des eaux jusqu'à Ras Djébel Saraf (LVII) en passant par les points dits Mouléïka et Nijd Thoudjihat.

De Ras Djébel Saraf (LVII) la ligne de frontière passe tout droit à Nedjd Mousamma, laissant Dar Nasir Harbi aux Haouachib et le hameau de Saraf aux Youssifiyin ; de là elle passe par la ligne de partage des eaux de Chariré jusqu'à Nedjd Chebab, et, de là, passe en ligne droite, à travers Rikabeïn et Kinhan, à Kilat Noub.

De ce point elle franchit le contrefort occidental du Djébel Kourra à mi-chemin entre le Nedjd Bérou et le sommet du Djébel Kourra, et descend au Ouadi Hidaba entre les hameaux Haouadi (appartenant à Koubeïta) et Saraf ; puis traverse le Ouadi Hidaba et remonte entre la maisonnette dite Salim Beles et Chab Choudjh jusqu'au sommet de ce dernier, et suit le contrefort, qui passe au-dessus de Nobat Ouden Thouveïra au haut point dit Mouharrika, en laissant Ouleïba et tous les autres villages avec leur cultivation à Koubeïta.

(Signé) MUSTAPHA, *Colonel*,
Commissaire ottoman.
R. A. WAHAB, *Colonel.*
Commissaire britannique.

De Mouharrika (LVIII) elle descend, et passe tout droit à Tor-am-Khouleïva et 'Irk-el-Essved, laissant le Ghail Souveïda aux Soubeïha, et monte au sommet du Djébel Aslah ; de la elle va tout droit à Kouroun Sarh, et encore tout droit à L. Houmeïra (LIX).

De L. Houmeïra elle monte le contrefort par L. Touveïra à un point 1 kilom. au sud de Nedjd Bura, laissant Koutm à Koubeïta et passe à Rikab (Ras Ouadi Tokar), et, suivant la rive gauche du Ouadi Tokar jusqu'à un point situé environ 1 kilom. en amont de la jonction du Chab Soukmi avec Ouadi Tokar, passe tout droit à Nedjd Housein et à Nedjd Moutarid.

De Nedjd Moutarid elle descend par le contrefort au Ouadi Sehr, qu'elle traverse à mi-chemin entre Nobat Maha et Habil-ve-Lakma et remonte à Koubet-el-Ausaja (LX), et puis passe presque tout droit à Nedjd Ja'ma et Nedjd Cha'b.

De Nedjd Cha'b elle contourne la tête du Ouadi Cha'b en suivant la crête jusqu'au haut point dit Rakiza (LXI), 4,640 pieds en hauteur, en laissant les villages Mérabiha au canton de Koubeïta. De ce point elle suit les crêtes à la droite du Ouadi Cha'b

jusqu'au sommet du Djébel Nebat (LXII), se défléchissant un peu au sud de façon à laisser le Nobat Absi dans le Ouadi Doka au canton de Koubeïta.

Du sommet du Djébel Nebat la ligne descend en contournant le côté oriental du Habil 'Usha à Harcha (maisonnette en ruines), d'où elle passe tout droit à un point sur la rive occidental du Ouadi Ma'din (Mefalisse), aligné entre Harcha et Roubas-ibn-Alvan. De ce point elle passe presque en ligne droite au sommet de Moudavvera ; de là, au sommet du Djébel Havar, et puis passant par les points nommés Ras Fehdan–Alkourb (Makraba)–Ras Hejat-el-Hamra–Nedjd Masjid–Ras Suleb–Nouzeïhi, et 'Abar-al-Koumia, arrive au Véli Othman (LXIII).

(Parafé) M. R.
R. A. W.

N.B.—Dans le Ouadi Ma'din les Soubeïha auront le droit, d'après l'ancien usage tribal, de poursuivre la source du Ghail Mola' en amont du Ouadi jusqu'à l'endroit appelé Humera Makhzouj.

Passant à l'est et tout près du Véli Othman, la ligne de frontière monte à Hejat Noub, et de là suit les crêtes entre le Ouadi Ma'bak et le Ouadi Chaouar jusqu'à Ras Iraf (LXIV).

De Ras Iraf elle descend le contrefort jusqu'à un point sur la rive gauche du Ouadi Adim, au nord de Nobat Rachid, et suit la rive gauche jusqu'au point dit Bousseli, laissant la cultivation aux Zouréka.

De Bousséli elle passe au nord du village de Khibana jusqu'à Barh-am-Fouttika, et de là au rocher dit Abd, sur le Ouadi Kehnan, lequel elle traverse, et suit le lit du Ouadi Am Handjereh jusqu'à Ras 'Akrabi. D'ici elle descend à la jonction du Cha'b Douveïma avec le Ouadi Ubl, et remonte à Ras Hejat-am-Rumf et puis suit les crêtes par le point dit Karkahil jusqu'à Barh-am-'Achara (Khourj) (LXV).

(Parafé) M. R.
R. A. W.

1905.

Présents :

Pour la Turquie—
Moustapha Remzi Bey, Colonel d'État-Major, Commissaire ottoman.
Pour la Grande-Bretagne—
Mr. G. H. Fitzmaurice, Commissaire britannique.

APRÈS discussion des détails de la frontière des Soubéha de Barh-am-'Ashara (Khourj), marquée LXV et 69 sur la carte, et examen des documents et autres preuves s'y référant, Mr. Fitzmaurice, commissaire britannique, déclare que, bien que ces documents et preuves, ainsi que le témoignage des habitants qu'on a interrogés l'année dernière sur les lieux, aient démontré que la frontière occidentale des Soubéha s'étend jusqu'à 'Akama et de là passe par 'Akkar pour gagner l'endroit appelé Koudam, le Gouvernement britannique, animé d'un esprit de conciliation et de ses sentiments traditionnels d'amitié envers le Gouvernement Impérial ottoman, ne l'a pas jugé opportun, lors du travail de délimitation, d'insister sur le maintien effectif des droits des cheiks du canton des Soubéha sur tout le territoire réclamé par eux jusqu'à la susdite ligne d'Akama, 'Akkar, et Koudam, et, par conséquent, a approuvé la proposition de ses commissaires de délimiter sur la base d'une ligne qui, partant de Barh-am-'Ashara (LXV), atteint, à une distance de 25 kilom. au nord-ouest de Barh-am-'Ashara, le sommet de Djébel Nouman, se trouvant sur la ligne de partage des eaux entre la Mer Rouge et le Golfe d'Aden, à la condition, toutefois, que le Gouvernement Impérial ottoman s'engage à ne jamais aliéner à une tierce Puissance le territoire situé entre cette dernière ligne et la ligne susmentionnée d'Akama, 'Akkar et Koudam ; qu'à la suite de pourparlers entre les deux Gouvernements amis, l'Ambassade britannique à Constantinople vient de lui faire savoir que des instructions dans le sens susindiqué ont été envoyées par la Sublime Porte au commissaire ottoman.

M. le Colonel Moustapha Remzi Bey déclare qu'en effet il a reçu, en date du 6 (19) mars, par l'entremise du Ministère Impérial de la Guerre, des instructions basées sur un Iradé Impérial de Sa Majesté le Sultan l'ordonnant de délimiter la frontière du canton des Soubéha par une ligne aboutissant à Husn Mourad et que, d'après les instructions lui parvenues, la Sublime Porte s'engage à ne jamais aliéner à une tierce

Puissance le territoire contigu à la ligne Nouman–Husn Mourad et situé au nord de cette ligne.

Là-dessus les deux commissaires rédigent une description détaillée de la section de la ligne de frontière qui, partant de Barh-am-'Ashara (LXV), aboutit à Husn Mourad, et tracent la ligne sur les cartes qu'ils signent et échangent.

Quant à la partie de la frontière au nord-est du point marqué No. 1 sur le Ouadi Bana, c'est-à-dire la ligne qui, selon l'Iradé Impérial du 30 janvier, 1318 (v.s.) (12 février, 1903 (N.S.)), part de Lekemet-ul-Choub et se dirige dans la direction nord-est jusqu'au désert, Mr. Fitzmaurice, Commissaire britannique, déclare qu'une partie de cette ligne, à savoir, la frontière entre Mouréïs et Chouaib, ayant déjà été délimitée, il reste à fixer une base pour la prolongation de cette ligne jusqu'au désert ; qu'en vertu de l'iradé Impérial précité, cette partie de la démarcation doit suivre, en général, la ligne droite de Lekemet-ul-Choub nord-est jusqu'au désert, sauf toujours les déviations exigées par la nature du terrain ; et que les documents et autres preuves fournis par les Cheikhs des Yafa' démontrent incontestablement que les endroits appelés Roubéatein, Na'wa et Dhabiani forment partie du canton des Yafa', tandis que les Aulaki (pluriel, Awálik), avec toutes leurs sous-divisions et dépendances, ainsi que tout autre district de Yafa' se trouvant au sud et à l'est de la susdite ligne nord-est, apartiennent aux " neuf cantons."

M. le Colonel Moustapha Remzi Bey, commissaire ottoman, répond que, selon les instructions reçues de son Gouvernement, il reconnaît que la base de la démarcation du point I sur le Ouadi Bana, en vertu de l'Iradé Impérial du 30 janvier, 1318 (v.s.) (12 février, 1903 (N.S.)), est en général la ligne N. 45° E. de Lekemet-ul-Choub jusqu'au désert ; qu'à la condition que l'ouzlé de Djouban reste du côté du caza de Rida il reconnaît que les ouzlés de Roubéatein, Na'wa et Dhabiani forment partie du canton des Yafa', et que les Awálik avec toutes leurs sous-divisions et dépendances, ainsi que tout autre district de Yafa' se trouvant au sud et à l'est de la susdite ligne nord-est, appartiennent aux " neuf cantons."

Le commissaire ottoman ajoute que dans le voisinage de Cheikh Saïd, les indigènes, et autres, du côté ottoman ont eu l'habitude de se faire procurer de l'eau des sources se trouvant du côté des Soubéha, et qu'il espère qu'il n'y ait aucun inconvénient à ce qu'on continue à l'avenir de se servir de ces sources, comme par le passé.

Mr. Fitzmaurice déclare que, de la part de son Gouvernement, il ne saurait y avoir aucun inconvénient à cet égard.

Les commissaires des deux Gouvernements amis, étant d'accord sur le contenu de ce procès-verbal, le signent en double et échangent les copies conformes.

(Signé) MUSTAPHA, *Colonel*,
Commissaire ottoman.
G. H. FITZMAURICE,
Commissaire britannique.

Tourbé (*Cheikh Saïd*), *le* 20 *avril*, 1905.

Du point LXV la ligne de frontière s'étend dans une direction générale nord-ouest et suit le côté septentrional de la route qui court le long du pied du Djébel-am-Ibdar et le côté gauche du Ouadi Khasana (52) jusqu'au col appelé Nijd Mashrak (37) et numéroté LXVI sur la carte.

De là elle monte à un point sur le contrefort septentrional du Djébel Tafásu (47) et, franchissant Ouadi Ghoréf (29) à un point situé un demi-kilomètre à l'ouest du hameau de Khabal (36), monte au sommet du Djébel Nouman (LXVII).

De ce point elle tourne dans une direction sud-ouest et suit la ligne de partage des eaux entre la mer Rouge et le golfe d'Aden en passant par les points Barham-Roués (34), Djébel-am-Najaj (39), Djébel Séf, Barh-al-Haima (un col qui se trouve à une distance de 1½ kilom. au sud du hameau d'Al Haima) (49), Nijd-am-Rahaz (54), Djébel Sin Sanfa, jusqu'au sommet du Djébel Jariba (LXVIII).

La ligne descend ensuite par le contrefort sud-ouest du Djébel Jariba et, prenant une direction vers l'ouest, passe tout droit au sommet du Djébel Kahabub et, de là traverse la région déserte en ligne directe jusqu'au sommet du Djébel Kuwah (LXIX), laissant le puits d'Al Hajari du côté turc.

Du sommet du Djébel Kuwah (voir la carte du Cheikh Saïd, grande échelle 1 : 40000) la ligne de frontière suit les hauteurs jusqu'au plus haut point sur le contrefort au sud-est du Djébel Kuwah. Ce point, numéroté LXX et marqué par une borne, est situé environ 600 yards, c'est-à-dire à peu près 550 mètres à l'ouest et sud de la colline

appelée Djébel Mijbiya sur la carte. De ce dernier point elle passe en ligne droite au monticule rocheux (LXXI), marqué par une borne le plus au nord des deux monticules situés au nord et à l'ouest du Djébel Suédiya ; de là se dirige, en ligne directe, au point (numéroté LXXII et marqué par une borne) le plus élevé du promontoire connu sous le nom de Husn Mourad (appelé aussi Cheikh Mourad), et, suivant sa crête, atteint le bord de la mer au point numéroté LXXIII sur la carte.

(Signé) MUSTAPHA, *Colonel*,
Commissaire ottoman,
G. H. FITZMAURICE,
Commissaire britannique.

Le 23 avril, 1905.

Annexe (B).

Four maps not reproduced.

Annexe (C).

Map.

[10880] No. 216.

Anglo-Persian Oil Company to Foreign Office.—(Received March 10.)

Winchester House, Old Broad Street, London, March 10, 1914.

Sir,

WE are advised by our agent at Constantinople that he has drawn the attention of His Majesty's Ambassador at that place to a report that a group of influential Turkish capitalists, including le Maréchal Gazi Moukhtar Pasha (father of Mahmoud Moukhtar, now Turkish Ambassador in Berlin and formerly member of the Turkish Cabinet), are taking active steps to secure the concession for the exploitation of the oil territories in Mosul, Bagdad, and Basra.

In connection with this, I beg to advise that I have received this morning a telegram from the same source advising that a company has been definitely formed for the above purpose.

Our agent, in a letter received yesterday, suggests that this group is endeavouring to secure the concession on the basis of information obtained from Berlin as to the negotiations proceeding between the British and German Governments with a view to reselling it either to the Deutsche Bank group or to the proposed joint group.

He adds that, however desirous the Sublime Porte may be to carry out their engagements and promises, he believes that Halil Bey and Djemal Pasha, who are doubtless supporting the Moukhtar group, could bring such weight to bear on their Government as to compel it to go back upon what Hakki Pasha has done in London.

We hardly think this can be possible, but we place the information received before you, in order that you may take such steps as you may think to be required by the situation.

I have, &c.
C. GREENWAY, *Managing Director*.

[10784] No. 217.

Sir L. Mallet to Sir Edward Grey.—(Received March 10.)

(No. 155.)
(Telegraphic.) R. *Constantinople, March 10, 1914.*

APPLICATIONS for Mesopotamian oilfield have recently been put in on behalf of A. Hircri and Co., of London, and there is much talk of formation of a native group composed of Izzet Pasha, ex-Sultan's chamberlain, Ghazi Mouktar, and two other wealthy men.

I reminded Grand Vizier again yesterday of our rights, but unless some solution is come to between D'Arcy and Germans I fear concession may go elsewhere.

[10862] No. 218.

Board of Trade to Foreign Office.—(Received March 11.)

Board of Trade, March 10, 1914.

Sir,

I AM directed by the Board of Trade to transmit to you herewith, to be laid before Secretary Sir E. Grey, copy of a letter which they have received from Messrs. Boulton Brothers and Co. relative to British participation in the Bagdad Railway.

The Board understand that Messrs. Boulton are a well-known firm of merchant bankers, who acquired in 1910 the business of Alexander Fletcher and Co., bankers and East India agents. They are believed to be of good standing in the second or third rank of financial houses.

Messrs. Boulton have been informed that their letter has been referred to your Department, and the Board would be glad to learn in due course the nature of any reply which Sir E. Grey may think proper to return to the application.

I am, &c.
GEO. J. STANLEY.

Enclosure in No. 218.

Boulton Brothers and Co. to Board of Trade.

(Private.)
39, Old Broad Street, London, March 5, 1914.

Dear Sir,

WITH regard to the negotiations in connection with the Bagdad Railway, which we understand are proceeding, the question of a British participation might be of considerable interest to our firm, and we should therefore esteem it a favour if you could see your way to giving us any information with regard to this position.

One of our partners would be pleased to call upon you if you desired.

We are, &c.
BOULTON BROTHERS AND Co.

[10910] No. 219.

Board of Trade to Foreign Office.—(Received March 11.)

Board of Trade, March 11, 1914.

Sir,

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 7th March transmitting copy of a telegram from His Majesty's Ambassador at Constantinople with regard to oil concessions in Syria.

The Board are disposed to agree with Sir L. Mallet's proposal that, in view of Lord Cowdray's letter to your Department of the 10th December, the present opportunity might be taken to direct Messrs. Pearson's attention to the oilfields in question ; and I am accordingly to suggest for Sir E. Grey's consideration that information as to Mr. Boxall's claims and position and the substance of Sir L. Mallet's telegram should be communicated to Messrs. Pearson in case they might be disposed to take any action in the matter.

I am, &c.
GEO. J. STANLEY.

[10920] No. 220.

Anglo-Persian Oil Company to Foreign Office.—(Received March 11.)

Winchester House, Old Broad Street, London, March 11, 1914.

Sir,

I BEG to give below copy of a further telegram just received from our agent at Constantinople on the subject of the Mosul and Bagdad petroleum concession :—

"Turkish company has been formed for the Mosul and Bagdad concession. Formalities connected therewith have been completed as far as Council of State. M. Huguenin (director of Bagdad Railway Company and of National Bank of

Turkey) and Mr. Edwin Whittall (director of National Bank of Turkey) said to be interested. Promoters strongly backed by Young Turk party, whom Grand Vizier cannot oppose. My impression is your position likely to be serious. Consider it advisable try to obtain some settlement in London as early as possible."

The situation is evidently serious, and one calling for early action, and I shall be glad if His Majesty's Government can see their way to taking whatever action may be necessary in the matter with as little delay as possible.

I have, &c.
C. GREENWAY, *Managing Director.*

P.S.—Since writing the above, I have ascertained that M. Huguenin is not a director of the National Bank of Turkey.

C. G.

[10926] No. 221.

Sir L. Mallet to Sir Edward Grey.—(*Received March* 11.)

(No. 157.)
(Telegraphic.) *Constantinople, March* 11, 1914.

MY telegram No. 155 of 10th March.

Information reaches me that native group has been formed with capital of 200,000*l.*, and it is not impossible that Germans are working with this group through Turkish Ambassador at Berlin, Mahmoud Pasha, who is the son of Ghazi Pasha.

I suggest that strong representations should be made to Hakki Pasha. I am speaking to Talaat Bey, but, as I have said before, our position would be stronger if Anglo-German proposals could be presented to the Porte.

[10928] No. 222.

Sir L. Mallet to Sir Edward Grey.—(*Received March* 11.)

(No. 159.)
(Telegraphic.) R. *Constantinople, March* 11, 1914.

MY telegram No 157 of 11th March.

I have seen Talaat Bey, who assures me that Porte will await Anglo-German proposals. He said that he did not attach much importance to Ottoman Company.

[11062] No. 223.

Sir Edward Grey to Sir E. Goschen.

(No. 69.)
(Telegraphic.) R. *Foreign Office, March* 11, 1914.

PLEASE inform the German Government that I am concerned by the delay in reaching a settlement about the petroleum concession for the vilayets of Mosul and Bagdad.

A tentative discussion took place here to-day with Herr von Kühlmann about this question, and it was suggested that the simplest course would be for the German and British Governments to inform the Ottoman Government that the Turkish Petroleum Company does not enjoy the support of either Government, and to urge that the concession should be granted to a new company, in which the German interests should have 50 per cent. and the D'Arcy group 50 per cent.

The technical difficulty that the Deutsche Bank has undertaken only to act through the Turkish Petroleum Company might be overcome by that bank putting forward a nominee to participate in the new company, and the Turkish Petroleum Company, being deprived of a sphere of operations, would presumably go into liquidation. You should ascertain the views of the German Government on this proposal, which seems to present a possible solution of a very complicated question.

It is very important that no more time should be lost in taking definite action at Constantinople, and I should be glad if instructions could be telegraphed to the German Ambassador to co-operate with Sir L. Mallet.

(Repeated to Constantinople, No. 131.)

[9490] No. 224.

Sir Edward Grey to Sir L. Mallet.

(No. 128.)
(Telegraphic.) R. *Foreign Office, March* 11, 1914.

YOUR telegram No. 134 of 3rd March: Shatt-el-Arab.

It would seem advisable to obtain an assurance in writing from the Ottoman Government that they will allow the advances in question to be secured in the manner and at the dates proposed. We are considering the question of suitable candidates in order that we may submit names to Ottoman Government in pursuance of the convention, and it would be well to advance all arrangements as much as possible in order that the Commission can get to work as soon as the convention is ratified. Could you make enquiries as to suitable Ottoman candidates for the post of commissioner? Would Djevad Bey do?

The Anglo-Persian Oil Company are compelled to use larger tank steamers now, and the dredging of the bar has therefore become a matter of urgency.

[10926] No. 225.

Sir Edward Grey to Sir L. Mallet.

(No. 133.)
(Telegraphic.) R. *Foreign Office, March* 11, 1914.

YOUR telegram No. 157 of to-day: Mesopotamian oil.

Your Excellency should draw the Grand Vizier's attention to my letter dated 29th July and attached to the conventions signed on that date.

You may state categorically that if the concession for these fields is given to any company in which the D'Arcy group does not receive 50 per cent. of the whole I shall be compelled to break off all negotiations with Hakki Pasha, and to reconsider the terms upon which His Majesty's Government could assent to the customs increase and the monopolies.

(Repeated to Berlin, No. 70.)

[11264] No. 226.

Sir Edward Grey to Sir F. Bertie.*

(No. 145.)
Sir, *Foreign Office, March* 11, 1914.

I TOLD the French and Russian Ambassadors to-day of the German suggestion that two inspectors-general for Armenia should be chosen by a *réunion* of Ambassadors in, for instance, Constantinople.

I said that something ought to be done, or the Turkish Government, who had asked the Powers to recommend two inspectors-general, would hold the Powers responsible for what happened if no inspectors were appointed. I had understood that the Russian Government did not object to Dutch inspectors, and, if no one objected to them, it was hardly necessary to use the machinery of a *réunion* of Ambassadors; the Ministers in The Hague might be instructed to apply to the Dutch Government for the inspectors. But, in any case, something ought to be done.

I am, &c.
E. GREY.

[10970] No. 227.

India Office to Foreign Office.—(*Received March* 12.)

Sir, *India Office, March* 11, 1914.

IN reply to your letter of the 21st February regarding an application made by Messrs. Cowasjee Dinshaw Brothers of Aden for assistance to obtain certain concessions from the Turkish Government, I am directed by the Secretary of State for India to

* Also to Sir G. Buchanan (No. 98).

forward, for the information of the Secretary of State for Foreign Affairs, copy of a telegram that has been received from the Government of India on the subject.

The construction of the railway in question—especially if Taiz is included in the present scheme, as it was in the French scheme of 1911 (*vide* Sir G. Lowther's despatch No. 194 of the 28th March, 1911)—may operate unfavourably to British interests, in that it may increase the opportunities for Turkish intrigue, and tend to draw away trade from Aden to the Red Sea ports. But the Marquess of Crewe agrees with the Government of India that it is undesirable that it should fall into foreign hands, and would therefore suggest that His Majesty's Ambassador should be instructed to support Messrs. Cowasjee Dinshaw's application.

I am, &c.
T. W. HOLDERNESS.

Enclosure in No. 227.

Government of India to the Marquess of Crewe.

March 7, 1914.

(Telegraphic.) P.

PLEASE refer to your telegram dated the 24th ultimo.

We consider that, in view of the undesirability of the creation of foreign interests on east coast of Red Sea, near our Aden protectorate, it would be to our political advantage if Cowasjee Dinshaw Brothers obtained these concessions. The firm, which consists of British subjects, is wealthy, and well able to carry out the concessions if they are granted.

[11065] No. 228.

Board of Trade to Foreign Office.—(*Received March* 12.)

Board of Trade, March 12, 1914.

Sir,

I AM directed by the Board of Trade to refer to your letter of the 28th February, transmitting communications from the Anglo-Persian Oil Company on the subject of oil concessions in the Basra and Nejd districts and at Koweit and Bahrein, and to your subsequent letters of the 3rd and 6th March transmitting copies of telegrams to and from His Majesty's Ambassador at Constantinople on the subject of Mr. Silley's application for concessions at the two first-mentioned places.

The Board understand that Mr. R. H. Silley is a son of Mr. A. Silley, agent at Constantinople of the Khedivial Mail Steamship and Graving Dock Company, and was formerly in the employ of a large oil company at Suez. He is now a commission agent at Constantinople, and it is at least possible that his present application is on behalf of the oil company by which he was formerly employed. It is believed that this was the Vacuum Oil Company (a subsidiary of the Standard Oil Company of America), but definite information on this point could probably be furnished by His Majesty's consul at Suez.

The Board are not in a position to form any estimate of the value of the oilfields in the Basra and Nejd districts, but they are disposed to doubt the likelihood of their becoming serious competitors with the Persian and Mesopotamian fields. In all the circumstances, therefore, whilst they concur in the tenor of the instructions which Sir E. Grey proposes to address to His Majesty's Ambassador at Constantinople with regard to any request from Mr. Silley for assistance, they have some doubt as to the necessity for any active opposition to his application, should he be unwilling or unable to furnish the proposed undertaking.

As regards Koweit and Bahrein, the Board understand that the Sheikh of Koweit has given an undertaking not to grant any concession without the consent of His Majesty's Government, and that a similar undertaking is being obtained from the Sheikh of Bahrein. In these circumstances there would appear to be no urgent necessity for applications for concessions in those territories, and the Board are disposed to deprecate any encouragement to the Anglo-Persian Company to apply for further concessions until the negotiations between that company and the Admiralty have reached a more advanced stage.

A copy of this letter has been sent to the Admiralty.

I am, &c.
GEO. J. STANLEY.

[10992] No. 229.

Sir L. Mallet to Sir Edward Grey.—(*Received March* 12.)

(No. 161.)
(Telegraphic.) R. *Constantinople, March* 12, 1914.

FARSAN OIL.

Transfer of licence to Rogers ratified by Council of Ministers yesterday, and I think it would now be advisable for Mr. Rushton to come here and complete remaining formalities.

[11107] No. 230.

Sir L. Mallet to Sir Edward Grey.—(*Received March* 12.)

(No. 165.)
(Telegraphic.) *Constantinople, March* 12, 1914.

YOUR telegram No. 133 of 11th March.

I have seen Grand Vizier, and made communication. I have also addressed note in the same sense, and sent copy to Minister of the Interior.

His Highness, for the first time, spoke of native company as having claims at any rate for participation which could not be ignored. I reminded him of promise to D'Arcy and of repeated assurances given to us since. I said that the worst impression would be created by failure to carry them out. His Highness complained of interminable delay in coming to agreement with Germans, and said that it was unjust, in present state of Ottoman finances, to keep them waiting so long.

[10926] No. 231.

Mr. Parker to Hakki Pasha.

My dear Hakki Pasha, *Foreign Office, March* 12, 1914.

SIR EDWARD GREY has been very much upset by the receipt of a telegram from Sir L. Mallet to the effect that an Ottoman Petroleum Company is being formed for the vilayets of Mosul, Bagdad, and Basra.

He asks me to request your Highness to telegraph urgently to Constantinople pointing out (1) that the Ottoman Government is pledged already to the D'Arcy group, (2) that His Majesty's Government will not be satisfied if the D'Arcy group has less than 50 per cent. of any Company formed to work the petroleum in the fields in Mosul and Bagdad vilayets, (3) that, failing such a settlement, His Majesty's Government must refuse to agree to any of the monopolies, (4) that, in a letter dated the 29th July, 1913, Sir E. Grey made stringent reservations regarding the connection of the customs increase and the oil question, (5) that His Majesty's Government are in telegraphic communication with Berlin regarding a satisfactory proposal as to the vilayets of Mosul and Bagdad, (6) that in any concession having reference to Basra and Nejd, the limits (green line) of Koweit must be respected, (7) that, in accordance with the provisions of the Mining Law, British subjects are already interested in Basra oil, (8) that, for political reasons, His Majesty's Government rely upon the Ottoman Government giving to any British group preferential rights in regard to Nejd, where the establishment of a foreign syndicate would create serious embarrassment in existing conditions.

Believe me, &c.
ALWYN PARKER.

[11267] No. 232.

Sir E. Goschen to Sir Edward Grey.—(*Received March* 13.)

(No. 34.)
(Telegraphic.) R. *Berlin, March* 13, 1914.

MY immediately preceding telegram of 12th March: Petroleum concession.

Secretary of State now tells me that he entirely agrees with you, and that he will instruct German representative at Constantinople to confer with his British colleague. His Excellency said that Deutsche Bank may make difficulties, but that, in that case, Imperial Government would call in some other bank or banks.

[10970]

No. 233.

Sir Edward Grey to Sir L. Mallet.

(No. 135.)
(Telegraphic.)

Foreign Office, March 13, 1914.

YOUR telegram No. 16, Commercial: Cowasjee Dinshaw Brothers.

You should support application of Messrs. Cowasjee Dinshaw. It is very undesirable that line, especially if it touches Taiz, should be under foreign control.

[9234]

No. 234.

Sir Edward Grey to Sir F. Bertie.

(No. 141. Confidential.)

Foreign Office, March 13, 1914.

Sir,

I HAVE to inform your Excellency that the French Ambassador called at this Office on the 27th ultimo, and showed to Sir A. Nicolson a confidential despatch from the French Minister for Foreign Affairs to the French Ambassador at St. Petersburgh explaining the action taken by the Russian Minister for Foreign Affairs in regard to the admission of a Russian delegate to the Council of the Ottoman Public Debt.

M. Doumergue pointed out that Turkey had agreed in principle to such admission, but France, while also agreeing in principle, had warned Russia to be cautious how she proceeded, and had recommended her to strengthen her claim by acquiring some financial interest in Turkey in the shape of some Turkish bonds.

M. Sazonof of his own initiative had suddenly addressed himself to all the Powers. The results had been what France had feared. Germany made a condition that a second German delegate should be appointed and that she should have her turn in the presidency; Austria-Hungary laid down as a condition that Russia should recognise the Austro-Italian Bank in Albania and concur in that bank undertaking important banking transactions, and Belgium had applied also for a delegate. Italy would probably also make some demands. The ill-considered action of M. Sazonof had therefore unchained a series of complicated questions; and M. Paléologue in recounting the consequences to M. Sazonof was to urge him to go no farther, but to leave the matter alone and be content with the acceptance in principle by France and Turkey of a Russian delegation, while awaiting a more favourable opportunity to advance the matter further.

I am, &c.
E. GREY.

[11329]

No. 235.

Sir R. Rodd to Sir Edward Grey.—(Received March 14.)

(No. 86.)

Rome, March 11, 1914.

Sir,

I HAVE the honour to acknowledge the receipt of your despatch No. 61 of the 7th instant, forwarding a copy of the agreement initialled *ad referendum* between the Smyrna–Aidin Railway Company and an Italian Syndicate, represented by Signor Nogara, on the 6th instant.

In the meantime the Italian Government have resigned, and a confirmation of this agreement must therefore inevitably remain in suspense for the present. I gather at the same time at the Foreign Department here that, whatever combination may ultimately take the place of the outgoing Government, there is no prospect of a modification of the general policy which has brought about the drafting of the agreement.

The Secretary-General, who had also received a copy of the agreement in question, appeared to be under the impression that negotiations were already in progress with the Anatolian Railway Company. I gather, however, from your telegram No. 122 to Constantinople, that the agreement would only be submitted to the Anatolian Railway Company after it had been definitely approved by the Italian Government. If this be so it is evident that a general settlement regarding the concessions and the evacuation of the islands by Italy must still be deferred for some considerable time.

I have, &c.
RENNELL RODD.

[11439]

No. 236.

India Office to Foreign Office.—(Received March 14.)

(Confidential.)

Sir,

India Office, March 13, 1914.

I AM directed by the Secretary of State for India to enclose herewith, for submission to the Secretary of State for Foreign Affairs, copy of a letter received from the Admiralty as to the existence of oil in the territory of the Sultan of Shehr and Mokalla on the south coast of Arabia.

The status of Shehr and Mokalla, as Sir E. Grey is aware, and as has recently been notified to the Italian Government,* is that of an independent Arab principality, enjoying the protection of His Britannic Majesty under the terms of the Treaty of 1st May, 1888. In these circumstances there would appear to be no objection on diplomatic grounds to obtaining from the local ruler, as in the case of Bahrein and Koweit, an undertaking that oil concessions will be granted only to nominees of the British Government. But before addressing the Government of India in the sense desired by the Lords Commissioners of the Admiralty, his Lordship would be glad to be favoured with Sir E. Grey's views on this point.

It should be added that a concession to prospect for "mines and minerals, including precious stones," for a period of two years, was granted by the Sultan of Shehr and Mokalla in March 1911, with the assent of the Bombay Government, to the Eastern Syndicate (Limited) of Bombay, on the conditions detailed in the agreement, of which a copy is enclosed. This concession expired on the 28th March, 1913, but it is understood that the syndicate are endeavouring to obtain the Sultan's consent to an extension of its term.

I am, &c.
T. W. HOLDERNESS.

Enclosure 1 in No. 236.

Admiralty to India Office.

Sir,

Admiralty, March 6, 1914.

WITH reference to India Office letter of the 1st December last, on the subject of the existence of oil in the territory of the Sultan of Shehr and Mokalla, I am commanded by my Lords Commissioners of the Admiralty to state, for the information of the Secretary of State, that they regard this matter with interest, and would be glad of any further information that may be available from time to time. They would also be glad if the Secretary of State would be so good as to cause arrangements to be made that no oil concessions shall be granted in the Shehr and Mokalla district except to nominees of His Majesty's Government, on the lines of arrangements already made in respect of Koweit and Bahrein (see India Office letter of the 1st January, 1914, to the Foreign Office).

I am, &c.
W. GRAHAM GREENE.

Enclosure 2 in No. 236.

Government of Bombay to Government of India.

Sir,

Bombay Castle, May 23, 1911.

I AM directed to forward herewith, for the information of the Government of India, a copy of the correspondence from which it will be seen that, in connection with a mining project in his territory, His Highness the Sultan of Shehr and Mokalla has been informed that the Government of Bombay will not approve of any outsiders being allowed inside his territory without their previous sanction.

2. On receipt of a representation, dated the 1st May, 1911, from the managing director, the Eastern Syndicate (1910), Limited, Bombay (copy enclosed), the Political

* See correspondence ending with Foreign Office letter, May 27, 1913 [23926].

Resident, Aden, has been asked to report with reference to the telegram from the Government of Bombay, dated the 26th April, 1911, whether the permission asked for by the Syndicate should be given.

I am, &c.
C. A. KINCAID.

Enclosure 3 in No. 236.

Political Resident, Aden, to Government of Bombay.

Aden, April 15, 1911.

(Telegraphic.)
SULTAN of Mokalla, now at Hyderabad, has given direct concession for prospecting for mines within his own territory to one Rosher on behalf of Eastern Syndicate of London and Sir R. Temple, director of syndicate. This is objectionable. (*Vide* your letter of 24th March, 1910.)

Enclosure 4 in No. 236.

Government of Bombay to Political Resident, Aden.

Bombay Castle, April 26, 1911.

(Telegraphic.)
YOUR telegram of 15th April regarding concession for prospecting for mines within territory of Sultan of Mokalla. Please inform Sultan Government of Bombay will not approve of outsiders being allowed inside his territory without their previous sanction.

Enclosure 5 in No. 236.

Eastern Syndicate (1910), *Bombay, to Government of Bombay.*

Bombay, May 1, 1911.

Sir,
I HAVE the honour to submit, for your consideration, the following matter.

On the 28th of March, 1911, the Sultan of Mokalla executed in favour of the Eastern Syndicate (1910), Limited, an agreement giving the prospecting rights in his State for a period of two years. Sir Richard Temple is the chairman of the syndicate, and I am its managing director, and I enclose herewith a paper which sets forth the constitution of the syndicate and gives the names of some of the well-known people associated with it.

I also enclose copy of the agreement between the Sultan and the syndicate. When the agreement was executed we had no idea that the Government sanction was necessary for a concession in Mokalla, otherwise we should have certainly taken steps to obtain it. We were further informed by the Sultan's secretary that the matter had been mentioned by them to the Political Resident at Aden.

On the 15th of April we despatched by the mail steamer Mr. K. M. Cherry, an English mining engineer, from the Hyderabad State, and Mr. A. N. Pestonjamis, M.A., B.Sc., our geologist, to make a preliminary report on certain minerals which we were informed exist in the vicinity of the town of Mokalla, and they took with them a complete and costly boring plant. I have since heard from Mr. Cherry that Major Jacob, the First Assistant to the Resident, has informed him that the sanction of the Government of India is necessary, and that he has cabled the Government for this, but so far has received no answer.

I had also booked passages for myself and Mr. Leonard Munn, Hyderabad State mining Engineer, by the steamer leaving on the 6th instant, my intention being to spend a few days in Mokalla on my return voyage to England.

The agreement, I think you will find on perusal, is largely based on the form for concessions in use by the Government of India, and where there may be variations, I think you will agree they are entirely in favour of the Sultan.

In these circumstances, and in view of the status of my syndicate, I feel sure that the Government, when acquainted with the facts, will have no objection to our proceeding withthe business.

So long as the matter remains unsettled, it is putting us to a very considerable expense and causing great inconvenience, and this being the case, if to obtain the final approval of the Government is likely to involve any considerable delay, I should be greatly obliged if a provisional sanction could be given to Mr. Cherry and Mr. Pestonjamas to proceed to Mokalla, we, of course, undertaking to at once recall them if required by Government to do so. If the matter is one which the Bombay Government is not disposed to settle, would it be possible, subject to your being satisfied with the agreement, for you to cable the Government for provisional sanction saying that you have been through the agreement and see nothing objectionable in it.

I am, &c.
F. E. ROSHER, *Managing Director.*

Enclosure 6 in No. 236.

Agreement.

AN agreement made the 28th day of March, 1911, between His Highness Ghalib bin Awadth bin Omer al Kaiti, Sultan of Shehr and Mokalla (hereinafter referred to as the "Sultan," which expression shall, where the context so admits, include his successors and assigns) of the one part and Francis Edwin Rosher, of 25, Victoria Street, Westminster, Middlesex, the managing director of the Eastern Syndicate (1910), Limited (hereinafter called the concessionnaire, which expression shall, where the context so admits, include his successors or persons for the time being representing the said syndicate), of the other part, whereby it is agreed as follows:—

1. The Sultan grants full licence and authority to the concessionnaire on behalf of the said syndicate, and to the intent that the benefit and burden of these presents shall appertain to the said syndicate for two years from the date hereof to prospect, search for, and prove all the mines and minerals, including precious stones, under the lands of or belonging to the State of Shehr and Mokalla under the suzerainty of the Sultan.

2. The concessionnaire shall have liberty to enter upon the said lands, and to erect machinery, sink shafts and pits, and do all other necessary and proper things for the legitimate purposes of these presents.

3. The concessionnaire shall at his own cost effectually fence off or otherwise protect all parts of the land so used.

4. The concessionnaire shall pay reasonable compensation for all damage done to any of the Sultan's subjects or other persons resulting from works carried on under the above licence, to be ascertained and settled by the Sultan, and shall indemnify the Sultan against all claims arising thereout.

5. No land in occupation of any person or persons shall be entered upon without the consent of the occupier, and no trees, standing crops, or other private property shall be cut or any way injured without the consent of the owners thereof obtained in writing through the Government of Mokalla.

6. The concessionnaire shall not injure or dismantle any Government or public building, or cut any tree or road, without first obtaining the Sultan's or his agent's consent in writing, and shall make and pay reasonable satisfaction and compensation for such injury as mentioned in clause 4.

7. The concessionnaire shall within six months next after the determination of the licence, or the date of the abandonment of the undertaking, whichever shall first occur, securely plug any bores and fill up or fence any holes or excavations that may have been made in the land by him or his employés to such extent as the Sultan may reasonably require, and shall to the like extent restore the surface of the land and all buildings thereon which he may have damaged in the course of prospecting, subject to clause 20 hereinafter mentioned.

8. All servants and agents of the concessionnaire shall strictly obey and follow the laws of the Mokalla Government, and the Sultan shall have the right for sufficient reason to ask the concessionnaire to dismiss and remove from his territory any servants or agents of the concessionnaire at any time.

9. The Sultan shall allow such quantity of the minerals and precious stones as may be reasonably required to be carried away for the purpose of experiment.

10. The Sultan shall guarantee as far as possible the safety of the concessionnaire staff against raids, &c., on condition that they work within his territory and at places in his possession at present, having first obtained the written sanction of the Sultan or his agent.

11. The concessionnaire shall within three months from the date hereof, either himself or by his or the said syndicate's duly constituted agents or representatives, and at his or their own cost and expense, commence operations to prospect, search for, and prove the said mines, minerals, and precious stones, and continue such operations with due diligence and on the most approved system with a view to ascertain whether any minerals or precious stones exist in or under the said lands in such sufficient quantities and under such conditions as to justify the belief that they or any of them can be won or worked so as to be a commercial success, and shall furnish, free of any charge, the Sultan or such other person as the Sultan may from time to time appoint, with a report every month as to the progress of such operations and the results thereof, and also copies of all final reports that may be drawn up.

12. The concessionnaire shall not assign the benefit of this agreement except to the said syndicate or to any other syndicate or company specially constituted for the purpose of carrying out the agreement without the previous consent in writing of the Sultan.

13. All plant, machinery, and other materials imported by the concessionnaire for the purpose of prospecting and searching operations under this agreement shall be exempt from import duty leviable by the Sultan.

14. The concessionnaire shall at all times and under all circumstances during the continuance of these presents conform to and abide by the laws of the State of Shehr and Mokalla, and shall not at any time or under any circumstances directly or indirectly intermeddle or interfere with or act so as to affect the internal or foreign affairs of the Government of the Sultan.

15. The Sultan shall not grant any licence or authority to any other person or persons or body corporate to prospect or search for mines, minerals, and precious stones in his State of Shehr and Mokalla during the period of two years allowed to the concessionnnaire for such purpose by this agreement.

16. In case the concessionnaire shall discover any mines or minerals which in his opinion can be worked so as to be a commercial success, he shall communicate the fact of such discovery to the Sultan, and shall within six months from the date of such discovery apply to the Sultan for a lease to work such mines and minerals, and in case he shall fail to make such application within the time aforesaid he shall lose his right to such lease.

17. On receipt of such application the Sultan shall forthwith enter into an agreement with the concessionnaire to grant a lease of such mines and minerals, as may be specified in such agreement, to a joint stock company or companies to be formed by the concessionnaire as hereinafter mentioned for a term of thirty years, commencing from the date of such agreement, with the option to the lessee to renew such lease for a further period of twenty years from the expiration of the aforesaid term, the said lease to contain such covenants, terms, and conditions as are hereinafter mentioned.

18. On execution of such agreement for lease as aforesaid, the concessionnaire shall within twelve months from the date of such agreement form and register a joint stock company or companies to work the mines and minerals, in respect whereof the lease is to be granted, and on such company or companies being duly formed and registered, the Sultan shall forthwith grant to such company or companies, and such company or companies shall accept, a lease of such mines and minerals for the term and with the option to renew, as hereinabove mentioned. Such lease, in addition to the usual covenants, terms, and conditions contained in leases of mines and minerals, shall contain the following covenants, terms, and conditions, and shall be prepared by the solicitors for the Sultan at the cost of the concessionnaire or the lessees :—

(1.) That the concessionnaire, his heirs, successors, or assigns, or the said Eastern Syndicate (Limited), or the lessees, shall pay to the Sultan a sum equal to 20 per cent. of the full capital amount the syndicate receives from all subsidiary companies to be formed as aforesaid, whether that capital be in cash or in shares or in both, and, further, the Sultan shall receive in fully paid shares 20 per cent. of the amount of all shares issued from time to time for working capital, so that the total amount the Sultan shall receive in cash or in both shall at all times represent 20 per cent. of the total number of shares allotted, whether they be venders or working capital shares.

(2.) That the lessees shall pay every year to the Sultan a fixed rent of Rs. 1,000 in respect of each lease taken up under this agreement, and shall also pay every year a royalty as follows :—

(*a.*) A sum equal to 20 per cent. of the net annual profit made by the lessees on all gold, silver, copper, lead, and precious stones worked during the year.

(*b.*) A sum equal to 10 per cent. of the net annual profit made by the lessees on all coal, petroleum, iron, and all other minerals worked during the year, such net annual profits to be taken without making any deduction from them for interest on the capital, and such royalty to be paid within one month from the closing of each financial year of the lessees.

(3.) That the lessee shall, so far as may be consistent with the efficient and workmanlike working of the said mines and minerals and carrying on of the business of the lessees, employ local native labour.

(4.) That the Sultan shall have the right to appoint two directors on his behalf to act on the local board of directors of the lessees, which board shall meet at Bombay or Mokalla.

(5.) That if any export duty shall be levied by the Sultan on any materials, raw or manufactured, exported by the lessees, such duty shall not exceed 5 per cent. *ad valorem* on the value of the materials at the port of export.

(6.) That the lessees shall at all times and under all circumstances conform to and abide by the laws of the State of Mokalla, and shall not at any time or under any circumstances directly or indirectly intermeddle or interfere with or act so as to effect the internal or foreign affairs of the Government of the Sultan, and shall not, without the consent in writing of the Sultan or his agent first obtained, purchase any immovable property in the State of Mokalla. The lease shall also contain such exceptions or reservations in favour of the lessor and the owners and users of the surface land, and such covenants on the part of the lessees for the proper and efficient working of the mines and minerals, and for not causing loss, damage, or nuisance to owners or occupiers of surface land and neighbours, and such powers to the lessor of entering on the demised premises to view the condition and order thereof, and of re-entry and distress as are contained in leases of a similar nature.

19. The Sultan shall have the option to apply for and have allotted to him any number of shares in any joint stock company or companies to be formed and registered by the concessionnaire as aforesaid, not exceeding in value one-third of the total share capital of such company, provided that if such option shall not be exercised by the Sultan within three months of the date of the registration of the company, his rights to have the above proportion of the shares allotted to him will be lost. This clause shall be binding on any company that may be formed as aforesaid, and, if necessary, shall be embodied in the lease to be granted to such company as aforesaid.

20. In case the concessionnaire shall be successful in finding or proving such minerals or precious stones, as is contemplated by article 11 of this agreement, or in case he shall fail to apply for a lease as provided by article 16 hereof, the concessionnaire shall, within one month from the date of the expiration of this agreement, or from the date of the expiration of the period of six months hereinbefore provided for applying for the lease as the case may be, effectually restore the surface of the lands and all buildings thereon, if any, which shall have been damaged in exercise of the powers hereby given. In case no mines or minerals shall be found, as contemplated by article 11 hereof, the costs of such restoration shall be borne by the concessionnaire and the Sultan in equal shares, but in case any mines or minerals shall be found as aforesaid, and the concessionnaire shall fail to apply for a lease as hereinabove provided, the costs of such restoration shall be borne by the concessionnaire only.

21. In case of the breach, non-performance, or non-observance of any of the agreement, terms, or conditions of these presents by the concessionnaire, it shall be lawful for the Sultan to revoke the licence hereby granted, and thereupon this agreement and all the rights thereunder shall cease and determine, but this clause or the exercise of the rights of revocation shall not absolve the concessionnaire from any liability that may have attached to him under any of the clauses of these presents.

22. If at any time during the continuance of this agreement, or after the determination thereof, any question or dispute shall arise regarding this licence, or any matter or thing connected therewith, or the powers or the duties of the concessionnaire hereunder such questions or disputes shall be referred to two arbitrators in Bombay,

one to be chosen by each party to these presents, which arbitrators shall, before entering upon the work of the reference, appoint an umpire to meet the contingency of their not agreeing as to their award.

In witness whereof I hereunto set my hand and seal this 28th day of March, 1911. In Arabic— S. GHALIB BIN AWADTH, ALGARTE JAN BAZJUNG

Witness to the signature of His Highness Ghalib bin Awadth bin Omer al Kaiti, Sultan of Shehr and Mokalla—

SAIF NAWAZ JUNG.
R. C. TEMPLE, BT.
ZOOLCADER JUNG.
M. AHSAN.
M. A. BOMBADIR.

[11267] No. 237.

Sir Edward Grey to Sir E. Goschen.

(No. 75.)
(Telegraphic.) R. *Foreign Office, March* 14, 1914.

YOUR telegram No. 34 of 13th March: Mesopotamian oil.

Please inform Minister for Foreign Affairs that I consider the best course would be for British and German Ambassadors at Constantinople to inform Ottoman Government that a definite scheme will be put before them by British and German Governments on or before 23rd March.

You should also inform his Excellency that if, as we hope, representative of German oil interests arrives in London early next week we shall be able to decide with German Government which scheme would be preferable, support of Turkish Petroleum Company or its supersession.

You should add that the attitude of the Anglo-Saxon group and M. Gulbenkian now shows signs of becoming more reasonable.

(Repeated to Constantinople, No. 141.)

[11185] No. 238.

Sir Edward Grey to Sir R. Rodd.

(No. 67.)
Sir, *Foreign Office, March* 14, 1914.

WITH reference to my despatch No. 61 of the 7th instant on the subject of the negotiations between the Smyrna–Aidin Railway Company and Signor Nogara, I have to inform your Excellency that the Counsellor of the Italian Embassy called here on the 11th March and told Sir E. Crowe that the Italian Government, who were just going out of office, were most anxious to publish, if possible, the fact that an agreement had been arrived at between Signor Nogara and the company, and he asked whether His Majesty's Government would have any objection to the publication of such a statement.

Sir E. Crowe replied that there could be no objection so long as secrecy was observed as regards the purport of the agreement and provided that it was made clear that the agreement was entirely provisional, of a conditional character, and *ad referendum*, and he suggested the following as a suitable form of words for the statement: "A conditional, but comprehensive, understanding has been arrived at and initialled *ad referendum*."

On the 13th March Prince Borghese called again and said that the Italian Prime Minister wished to modify slightly the wording of the declaration as suggested above.

In the first place, Signor Giolitti desired to omit the word "comprehensive." Sir E. Crowe observed that the word appeared to him to be, on the contrary, particularly apposite, as it emphasised the fact that the agreement was general and not restricted to a few details or a narrowly circumscribed field.

Secondly, the word "conditional" had, in Italian, to be transcribed into "subject to certain conditions"; and to these words Signor Giolitti proposed to add a phrase

which, translated literally, would read "of a railway character" ("ferroviario"). Sir E. Crowe said that if the intention was to make it clear that the arrangement was neither political nor territorial, he saw no objection.

Finally, Signor Giolitti was anxious to say that it had been agreed that secrecy would be observed as to the exact purport of the agreement with the British company until it had been definitely signed and settled.

Sir E. Crowe deprecated these words as likely to arouse the susceptibility of Turkey, who naturally would not relish the idea of two foreign companies "settling" among themselves "definitely" the terms of an arrangement concerning Turkish railways and harbours, and he suggested that Signor Giolitti's object would be more satisfactorily attained by saying that at the present state of the negotiations it was not possible to give to the public more detailed particulars.

Prince Borghese promised to report Sir E. Crowe's observations.

He added that, owing to the Cabinet crisis in Rome, the Italian Government were unfortunately not in a position to commit themselves or their successors definitely to the acceptance of the initialled heads of agreement, of which a copy was enclosed in my despatch above mentioned. Signor Giolitti thought that no Italian Government would be likely to reject it, although perhaps certain minor modifications might have to be proposed.

Sir E. Crowe said that he quite understood the situation, but he begged Prince Borghese to point out at Rome that His Majesty's Government could not leave this question open indefinitely. They must proceed with and soon conclude their general negotiations with Germany and Turkey; and when the point was reached where those negotiations ended in a general settlement, it would be impossible for them to be impeded or delayed because Signor Nogara was unable to say whether the terms offered by the Smyrna–Aidin Railway Company were acceptable to him or not.

I am, &c.
E. GREY.

[11459] No. 239.

Sir E. Goschen to Sir Edward Grey.—(Received March 15.)

(No. 35.)
(Telegraphic.) R. *Berlin, March* 15, 1914.

YOUR telegram No. 75 of 14th March: Petroleum concession.

Secretary of State for Foreign Affairs agrees with your views and has instructed the German Ambassador at Constantinople accordingly. His Excellency informs me that Herr Bergmann, representing German oil interests, will arrive in London to-morrow or Tuesday morning.

[11483] No. 240.

Sir L. Mallet to Sir Edward Grey.—(Received March 16.)

(No. 154.)
Sir, *Constantinople, March* 10, 1914.

I HAVE the honour to transmit to you herewith copy of the special report on the Ottoman Public Debt by Sir Adam Block for the year 14th March, 1912, to 13th March, 1913.* It shows that, so far as the bondholders are concerned, the effects of the two wars in which Turkey has been engaged with Italy and the Balkan States give no cause for anxiety, that the margin over the fixed charges continues to be considerable, notwithstanding an inevitable shrinkage, and that the shrinkage is less than might have been expected. In the revenues directly administered by the Council the falling off, excluding the super-tax for the war, was from £T. 2,293,329 in 1911–12 to £T. 1,776,819 in 1912–13, or 23 per cent., while, including the super-tax on salt and spirits, the falling off was only £T. 238,000, or 11 per cent.

The decrease of other revenues was also nearly 11 per cent., the totals from tobacco, fixed assignments, 3 per cent. customs duty, and interest of revenue fund being, 1911–12, £T. 2,747,558, 1912–13, £T. 2,470,323, or a decrease of £T. 277,000 odd. The total gross receipts exceeded those of any previous year, except those of

* Not printed.

1910–11 and 1911–12, and, leaving out of account the lost provinces, the revenues show a decrease of 2 per cent. only compared with the record year, 1911–12—or, including the war taxes, an increase of 11 per cent.

These results, when it is further considered that during the current year, 1913–14, revenue has come in still more satisfactorily, seem to justify the optimistic tone of Sir Adam Block's report.

While the position of the bondholders remains practically unaffected by the war, that of the Government has been extremely critical. I have already reported the almost desperate straights in which the Treasury is now placed to find means to meet the most urgent requirements, such as the payment of official salaries, now many months in arrear. The surplus of the ceded revenues, exclusive of the Government's share in the 3 per cent. customs, amounted only to £T. 220,833, while the fixed charges on the surplus amount to £T. 544,059, including £T. 420,000 for the service of the second and third series of the Bagdad Railway Loan, most of which had therefore to be met by the Government from other sources.

The most serious feature in the situation is the enormous increase in the Floating Debt, which may now be estimated roughly at 20,000,000*l.*, of which about half is in Treasury bills, placed for the most part under very unfavourable conditions and bearing interest at rates varying from 5 to 9 per cent.

Owing to the impossibility of issuing loans the Funded Debt has not been increased since 1911, and the total outstanding at the end of the last financial year is given in the Debt Report as £T. 130,520,477, say, 117,000,000*l.*, requiring, in round figures, an annuity of 5,600,000*l.* for their service, inclusive of the loans secured on the Egyptian tribute.

As it may be taken for granted that the Balkan States will be compelled to assume responsibility for a certain proportion of this Debt, the total cannot be considered excessive for a country which still has an area of 695,000 square miles, or more than three times that of France, with a population of 21,000,000.

A favourable sign of the resources from which fresh revenue can be derived is the remarkable increase of the tithes and sheep tax encashed by the Debt Administration during recent years, to which Sir A. Block calls attention on pages 60 and 61 of his report. Since the Debt began to collect these taxes revenue has more than doubled, from £T. 1,114,021 in the first year to £T. 2,363,591, the mean yield of the last five years. The same result has been achieved in a still more remarkable degree in the case of the tithes of the Aidin vilayet, the collection of which was entrusted to the Council of the Debt in July last in connection with the advance of £T. 1,500,000 made by the Tobacco Régie to the Government. During the three months from the 1st September to the end of November 1913, the amount collected by the Debt, excluding the sanjak of Smyrna, was £T. 234,000 (25,293,504 piastres), 84 per cent. more than receipts during the same period in 1912 and 69 per cent. more than the average of the last three years. These figures seem to prove that with an efficient administration the taxes which the Government can control without restrictions by foreign States are capable of considerable expansion.

The loan which Djavid Pasha is now negotiating in Paris is said to be for 25,000,000*l.*, the annual charges on which will amount to about 1,300,000*l.* What share of the Turkish Debt will eventually be shifted to other shoulders it is still impossible to say, but it may, I think, safely be assumed that the future Debt charges will not exceed 7,000,000*l.*, which do not absorb an excessive proportion of a total revenue of approximately 28,000,000*l.*

The budget for 1914–15 is now being prepared. Considerable economies are to be effected, but in spite of them I am now informed that the deficit will amount to nearly 5,000,000*l.*, although it is officially calculated at 1,600,000*l.* only, as stated in my despatch No. 121 of the 24th February.

If, however, the Government have the courage to abandon extravagant expenditure on the army and navy and set to work seriously on internal reforms, there is no reason why, with the increased customs revenue to be derived from the additional 4 per cent., the ultimate object of balancing revenue and expenditure should not be achieved. The budget of the Ministry of War will, I understand, be reduced from £T. 8,000,000 (nominal), which it was before the war with Italy, to £T. 6,000,000, while the expenditure of the Ministry of Marine will be increased, the upkeep of two new Dreadnoughts having to be provided for. Further economies in this direction are essential conditions for the establishment of a permanent budgetary equilibrium, and it should, I am advised, be possible to reduce still further the numbers of the peace establishment with due regard to the military necessities of the Empire, and although

this is a difficult subject to broach with the Turkish Government, it should be the object of everyone who has the welfare of this country at heart to influence them in this direction.

I have, &c.
LOUIS MALLET.

[11487] No. 241.

Sir L. Mallet to Sir Edward Grey.—(*Received March* 16.)

(No. 158.)

Sir, *Constantinople, March* 10, 1914.

BY the death of "Kutchuk" Said Pasha on the 1st instant, only a few months after that of his contemporary, Kiamil Pasha, another characteristic figure of the Hamidian period has been removed from a sphere where he had been politically active for over half a century.

Born at Erzeroum in 1836, and the son of a minor functionary, Said early came to the capital, where he identified himself with the reactionary and anti-Midhat palace clique. Soon after the accession of Abdul Hamid he was rewarded with the appointment of first secretary to the Sultan (1876), and three years later he was raised to the head of the Government. His administration, which extended, with some interruptions, for nine years, was marked by a series of disasters, such as the cession of Thessaly to Greece, and the occupation of Eastern Roumelia by the Bulgarians and of Massowah by the Italians.

In 1885 Said Pasha retired into comparative obscurity, but was again made Grand Vizier in connection with the Armenian reforms ten years later (1895). After the massacres of that year he fell into disgrace with the Sultan, on account, it is supposed, of certain incriminating documents which he refused to surrender, and was obliged to take refuge in this embassy, which he only left on the strength of a written promise from Abdul Hamid to Sir P. Currie that his life would be spared. This promise was not broken, and in 1901 Said Pasha was again appointed Grand Vizier.

In 1908, with the advent of the Constitution, Said Pasha, who by his attitude during the Armenian question had secured for himself a certain reputation for independence, became Grand Vizier for the last time. It was during this tenure of office that he sanctioned the retention under the Crown of the Ministries of War and Marine. By this reactionary measure he sacrificed the full confidence of the Liberals; having resigned the Grand Vizierate, he accepted the post of President of the Senate, and it fell to him, after the counter-revolution of April 1909, to proclaim the deposition of his old master, Abdul Hamid.

After the *coup d'État* of January of last year, Said Pasha was again offered the Grand Vizierate, but old age and illness were already weighing on him, and he preferred to retain the Presidency of the Senate, a position which he occupied until his death.

Said Pasha's career is interesting as being exceptionally illustrative of the peculiar conditions governing the Hamidian system.

Success as meteoric as his has, indeed, been the rule rather than the exception in the history of the Ottoman Empire, but Said Pasha's career is distinctive, in that he was able to retain his high position through many disasters by a clever realisation of the circumstances which regulated Constantinople politics during the latter half of the nineteenth century.

Although of humble origin, and possessed of few political attributes beyond a salient quality of adroitness and of few really statesmanlike talents, he succeeded in rising to power as a Court favourite, and in retaining that power by a skilful manipulation of the relations between Abdul Hamid and the Ambassadors. Thus, although a man of far less political integrity than Kiamil Pasha, he was able to gain the comparative confidence of successive Ambassadors, by a certain frank courage in his dealings with Abdul Hamid, and an entire absence of any delusions as to the Sultan's character and intentions. On the two occasions, however, when his judgment appears to have been most enlightened, in the Armenian reforms question and in his desire to come to some previous arrangement with His Majesty's Government regarding Egypt, he does not appear to have been able to force his convictions upon the Sultan.

Abdul Hamid, on the other hand, was often glad to have recourse to Said at moments when Kiamil was in disgrace and no other prominent man was acceptable to

the Powers, and the fact that between the years 1879 and 1901 he was seven times placed at the head of the Government shows how often his services were found opportune.

The conditions which rendered possible the career of a man such as Said Pasha have now, perhaps permanently, passed away, and it is interesting to reflect whether such a man illustrates the measure of the political capacity of the Ottoman race, or whether, as one is now tempted to hope, his generation will, under healthier conditions, give place to a race of responsible statesmen capable of realising the administrative needs of the great empire.

I have, &c.
LOUIS MALLET.

[11494] No. 242.

Sir L. Mallet to Sir Edward Grey.—(Received March 16.)

(No. 165.)
Constantinople, March 11, 1914.

Sir,

WITH reference to my despatch No. 1053 of the 31st December of last year, I have to report that the Russian Ambassador has again spoken to me with regard to the admission of a Russian delegate to the Council of the Debt.

His Excellency said that this was the only remaining question which was still unsettled, so far as Russia was concerned. The Turkish Government was willing, but the adhesion of the various groups of foreign bondholders represented in the Debt Council was necessary before any modification could be made in the Decree of Mouharrem. As you are already aware, the German syndicate, or rather the German Government, are profiting by the occasion to renew certain demands which they had made before without success, and to present other demands. These demands are based upon the importance of German financial interests in this country, the one being for the alternative presidency with the British and French delegates, and the other for the appointment of another member to the Council, who should be especially charged with the representation of the interests of the Bagdad Railway and the Deutsche Bank. The calculations which are made in support of this second demand are based, not only on the loans governed by the Decree of Mouharrem, but upon later loans and upon the kilometric guarantees.

This method of computation loses sight of the origin of the Public Debt.

The demand is also supported by the presence in the Council of a former representative of the Priorities, who represents to-day the Ottoman Bank, and who therefore plays the part of a second French delegate.

M. de Giers is of the opinion that one or other of these demands should be met, but he anticipates difficulty on the part of the French Government.

My own view is that the presence of a second German delegate should not be agreed to, but that there are no good grounds for refusing the presidency to the German delegate, alternatively with the French and British delegates, if a Russian member be admitted to the Council.

I have, &c.
LOUIS MALLET.

[11575] No. 243.

Mr. Crackanthorpe to Sir Edward Grey.—(Received March 16.)

(No. 58.)
Belgrade, March 12, 1914.

Sir,

WITH reference to my despatch No. 2 of the 5th January last, I have the honour to transmit herewith a note which I have received from the Servian Ministry for Foreign Affairs in answer to the representations made by my French colleague and myself on the subject of the seizure by the Servian military authorities of certain sums deposited in the Imperial Ottoman Bank at Uscub and Monastir, and with a view to obtaining the restitution of those sums.

In this note the Servian Government state the reasons for which they claim that

they are not called upon to restore the sums in question, their principal contention being that the Ottoman Bank is a State bank.

I have, &c.
DAYRELL CRACKANTHORPE.

Enclosure in No. 243.

Note communicated to Mr. Crackanthorpe by Servian Minister for Foreign Affairs.

POUR faire suite à sa note verbale du 10 janvier dernier, concernant la situation faite durant la guerre aux succursales de la Banque ottomane, le Ministère Royal des Affaires Étrangères a l'honneur de faire connaître à la Légation Royale d'Angleterre son point de vue à ce sujet :

La Banque ottomane, contrairement à l'opinion émise dans la note de cette légation, doit être rangée parmi les banques d'État et de par la nature de ses affaires et de par les rapports juridiques existant entre cette banque et l'État turc. L'article 1er de la convention et du firman du 4 février, 1863, lui reconnaît en effet expressément le caractère d'une banque d'État, et il n'a été modifié ultérieurement par aucune disposition légale ou contractuelle ; il est ainsi conçu : " Le Gouvernement de Sa Majesté Impérial le Sultan accorde aux concessionnaires susdits le privilège de créer une banque de l'État dans l'Empire ottoman. Cette banque portera le nom de Banque Impériale ottomane." (Tous les textes cités sont tirés de l'ouvrage : " Corps de Droit ottoman," par George Young, vol. v, Oxford, 1906.) La convention du 17 février, 1875, confirmée par le firman du 18 février, 1875, convention revisant certaines autres stipulations antérieures et aujourd'hui encore en vigueur dans ses grandes lignes, fixe et précise comme suit le rôle et les attributions financières de la Banque ottomane en tant que banque d'État. D'après l'article 13 de cette convention la Banque ottomane devient pour tout l'Empire le grand trésorier officiel : " La banque remplira les fonctions de trésorier-payeur général de l'Empire, conformément aux dispositions du règlement spécial arrêté en date de ce jour. La convention et le règlement prescrivent aussi le mode de fonctionnement de la Banque ottomane en cette qualité. En fait, deux modes sont prévus. Tout d'abord, toutes les recettes de l'Etat seront versées dans ses caisses ; le Gouvernement s'engage à verser dans les caisses de la banque. à l'exclusion de tout autre établissement, tant à Constantinople que dans les provinces, tous les revenus quelconques de l'Empire, à quelque titre et sous quelque forme qu'ils soient perçus. Le Gouvernement s'oblige à prendre toutes les measures nécessaires pour faire que la totalité des revenus de l'Empire soit versée dans les caisses de la banque."

Des clauses qui précèdent il ressort clairement que tous les revenus de l'État, quels qu'ils soient et quelque nom qu'ils portent, doivent être remis à la Banque ottomane. Les obligations du Gouvernement turc à cet égard ne souffrent aucune restriction ; ses organes doivent remettre aux caisses de la banque tout l'argent de l'État recueilli par eux soit directement, soit par d'autres institutions financières officielles (telles que les caisses des vilayets, les banques agricoles, les commissions de quartier, les dépôts des orphelins et toutes autres institutions revêtues d'après la législation intérieure turque d'un caractère legal officiel, au service de l'État ou sous le contrôle de l'État). Par ailleurs, la Banque ottomane, en tant que trésorier officiel de l'État, exerce les fonctions suivantes (article 13, alinéa 5, de la susdite convention : " La banque, à l'exclusion de tout autre établissement . . . . sera chargée du payement de toutes les dépenses publiques effectuées à quelque titre et sous quelque forme que ce soit, tant à l'intérieur de l'Empire qu'à l'étranger, dans les limites des prévisions et des ressources budgétaires et conformément aux dispositions du règlement précité."

Il ressort des textes ci-dessus que la Banque ottomane remplit les deux attributions essentielles de l'État en matière de finances : elle reçoit tous les revenus et paye toutes les dépenses de l'État. En d'autres termes, c'est à elle qu'est confiée l'exécution de budget de l'État ; ainsi le Gouvernement a-t-il pris l'engagement formel de faire remettre aux caisses de la banque, par ses fonctionnaires, tout l'argent de l'État de façon à permettre à la banque d'effectuer tous les payements officielles " dans les limites des prévisions et des ressources budgétaires."

Dès lors les sommes dont on demande la restitution ont pu être remises à la Banque ottomane en tant que trésorier général de l'État et pour des buts publics. Le fait que la Banque ottomane exécute réellement le budget de l'État turc ressort aussi de nombreuses clauses de cette convention du 17 février, 1875 (article 13, alinéa 2, " chaque

année, un mois au moins avant le 1er (13) mars, la banque recevra communication d'une copie détaillé du budget de l'exercice à courir" ; article 13, alinéa 6 : "ces prévisions ne pourront être dépassées, si ce n'est dans les cas urgents et extraordinaires visés dans le règlement organique du budget, dont une copie est remise à la banque," etc.).

Des filiales de la Banque ottomane sont ouvertes dans chaque chef-lieu de vilayet de manière à permettre à cette banque de continuer à remplir dans les limites ci-dessus fixées le rôle de trésorier général de l'État en lieu et place de l'État. Bien plus, le Gouvernement turc à cet effet doit mettre gratuitement à la disposition de la banque tous les locaux nécessaires dans les chef-lieux de vilayet (article 6, alinéa 2).

En s'appuyant sur l'ensemble de ces clauses qui toutes appartiennent au droit positif turc, on en arrive à conclure que la Banque ottomane servait aussi de banque d'État dans les chefs-lieux de vilayet, Skoplje et Bitolj, qu'ont occupés les troupes serbes en 1912. La Banque ottomane y effectuait les mêmes affaires qu'à son siège et domicile central fixé à Constantinople, d'après l'article 6 de la convention du 17 février, 1875. Il n'y a aucune différence à cet égard entre la banque centrale et ses filiales, ainsi qu'il a été constaté plus haut. Après l'occupation du territoire turc, en ordonnant aux filiales de la Banque ottomane à Skoplje et à Bitolj de remettre l'argent déposé chez elles, par des personnalités militaires ou officielles ottomanes pour le compte de leur Gouvernement, ainsi qu'il est dit dans la note susmentionnée, les autorités militaires serbes n'ont donc réclamé d'autre argent que celui qui représente les revenus publics. Les organes officiels turcs devaient, en effet, d'après les dispositions des susdites conventions, ne déposer dans les caisses de la banque que les sommes représentant les revenus publics de l'Empire turc ("tous les revenus quelconques de l'Empire, à quelque titre et sous quelque forme qu'ils soient perçus," article 13, alinéa 3, de la convention du 17 février, 1875). Comme, d'autre part, la Banque ottomane est autorisée à effectuer aussi sur ces mêmes revenus publics toutes les dépenses de l'État pour le compte du Gouvernement turc, il est clairement prouvé que cette banque retient dans ses caisses l'argent de l'État et l'administre au nom du Gouvernement turc.

En prenant cet argent aux filiales de Skoplje et de Bitolj, les autorités militaires serbes se sont conformées aux principes généraux du droit des gens et aux conventions internationales. D'après les principes généraux du droit des gens, la guerre ne se limite pas aux opérations militaires des parties en conflit. Comme le dit H. Bonfils, dans "Le Manuel de Droit international public" (Paris, 1908, p. 707) :

"Elle [l'attaque] peut atteindre aussi les autres forces de l'adversaire, résultant de ses ressources financières, de son domaine mobilier ou immobilier, de l'organisation de ses diverses administrations."

D'après les décisions de la Conférence de Bruxelles de 1874, consacrés par les Conventions de La Haye de 1899 et 1907, le territoire ennemi doit être considéré comme tombé sous l'*occupatio bellica* dès que sont remplies les deux conditions suivantes :

1. Lorsque le Gouvernement légal est empêché par l'occupant d'exercer publiquement son pouvoir ;
2. Lorsque l'occupant est parvenu à introduire son pouvoir à la place du Gouvernement légal.

Après ses victoires sur la Turquie en 1912, l'armée serbe ayant occupé les territoires appartenant jusque-là à l'Empire ottoman, dès que les deux conditions susdites pour l'*occupatio bellica* se furent trouvées remplies, divers changements durent survenir dans les rapports de droit public existant pour les régions où les pouvoirs de l'occupation étaient installés. En se basant sur la Déclaration de Bruxelles de 1874, l'occupant avait faculté de modifier les lois administratives et financières qu'il y trouvait et qu'il tenait pour contraires à ses propres intérêts ; il avait le droit d'occuper tous les biens immobiliers constituant le domain public de l'État vaincu, de prendre diverses mesures provoquées par les besoins militaires de couvrir les frais de son administration. Quant aux biens meubles de l'État trouvés en territoire conquis, l'occupant avait le droit de tirer parti de la disposition de l'article 53 de la Convention de La Haye, ainsi conçue :

"L'armée qui occupe un territoire ne pourra saisir que le numéraire, les fonds et les valeurs exigibles appartenant en propre à l'État . . . . toute propriété mobilière de l'État de nature à servir aux opérations de la guerre."

L'Etat serbe, comme occupant les territoires turcs, s'est rigoureusement conformés à toutes les règles citées. Quand les autorités militaires serbes ordonnèrent aux filiales de Skoplje et de Bitolj "de leur remettre le solde des comptes courants portés dans les livres de ces succursales au nom de la caisse du vilayet, de la Banque agricole, de la Commission des Caracols, du Dépôt des Orphelins, &c., ainsi que les sommes déposées par des personalités militaires ou officielles ottomanes pour le compte de leur Gouvernement," ces autorités n'excédèrent pas ainsi non plus la limite des droits reconnus.

Les rapports juridiques créés, comme on l'a vu, par les conventions entre l'État ottoman et la Banque ottomane, il résulte comme indubitablement établi : que cette banque est une banque d'État, que l'État turc s'en sert comme du trésorier-payeur général de l'Empire et pour recueillir les revenus et pour payer les dépenses. Dès lors, tout le numéraire, tous les fonds, toutes les valeurs exigibles, déposés dans cette banque et versés dans ses caisses pour le compte de l'État turc représentent de l'argent de l'État turc, et cet argent, aux termes de l'article 53 de la Convention de La Haye, les autorités établies par l'occupant ont le droit de le saisir et de le retenir pour leurs besoins.

En conséquence, il ne saurait y avoir dans le cas présent discussion ni sur un droit quelconque de propriété réelle, ni sur un droit personnel de réclamation, vu qu'il ne s'agit pas ici de rapports juridiques privés, mais publics. La Banque ottomane, en tant que banque d'État, exerce en lieu et place de l'État des fonctions qui sont propres à l'État en tant que personne souverain.

La propriété mobilière de l'État qui se trouve dans ses caisses est de même nature que celle qui se serait trouvée dans une caisse de l'État turc ; elle ne représente pas la propriété privée de l'État ou de particuliers, laquelle ne saurait être confisquée d'après l'article 46, alinea 2, de l'annexe à la Convention de La Haye, mais un bien public que le vainqueur, d'après l'article 53 de la même annexe, a le droit de prendre à l'État vaincu.

Si nous nous plaçons néanmoins au point de vue de la Banque ottomane, impossible à adopter comme on vient de le voir, à savoir qu'elle n'est pas une banque d'État et que le possesseur de comptes courants dans une banque ne saurait être considéré comme ayant un droit réel de propriété sur l'argent en comptes courants, mais un simple droit de réquisition, il n'en résulterait pas cependant, vu l'article 46 de l'annexe à la Convention de La Haye de 1907, que l'État serbe n'aurait pas eu le droit de prendre à la Banque ottomane ces sommes qui y étaient déposées pour le compte de l'État turc. Si ces sommes en effet, en étant remises à la banque par des fonctionnaires turcs, étaient devenues propriété de la banque, l'État turc devenait alors pour autant créancier de la banque. Le droit de créance de l'État turc sur la banque est passé à l'État serbe d'après le droit de conquête ; tout comme l'État turc avait le droit de réclamer à la banque la restitution de ces sommes, de même l'État serbe y avait droit sur la même base, en tant qu'acceptant juridique de l'État turc avec pour but de créer des difficultés financières à son adversaire pour la conduite de la guerre. En ce cas, le droit réel de propriété de la Banque n'a pas été l'objet d'une confiscation, mais l'État serbe s'est approprié et a réalisé le droit de réquisition de l'État turc sur la banque pour le payement des sommes déposées. On voit nettement enfin que l'État serbe avait le droit de prendre les sommes en question à la Banque ottomane, d'après la provenance même de cet argent ; ce sont en effet ou bien toutes sommes que l'État turc a recouvrées à titre d'impôt sur ses sujets et que l'État serbe lui aussi aurait recouvrées après la conquête si l'État turc ne l'avait déjà fait ; ou bien, c'est aussi l'argent destiné aux institutions qui sont restées dans les territoires réunies à la Serbie et que de son côte l'État serbe continuera à secourir. On ne saurait ainsi dénier à l'État serbe, en tant qu'acceptant les droits de l'État turc, le droit de prendre à la banque les sommes qui y étaient déposées par les organes de cet État en vue de ces institutions.

Vu toutes ces considérations, le Ministère Royal des Affaires Étrangères considère :

1. Que la question soulevée ne saurait se résoudre d'un point de vue de droit civil, mais uniquement du point de vue des rapports de droit public, déterminés par les conventions et firmans entre l'État turc et la Banque ottomane ;
2. Que, sans conteste possible, le caractère de banque d'État est reconnu à la Banque ottomane par les conventions et firmans susmentionnés ;
3. Que d'après ces firmans et conventions, la Banque ottomane a les attributions d'un trésorier-payeur général de l'État recevant tous les revenus publics et effectuant, d'après le budget, toutes les dépenses publiques ;
4. Que l'argent déposé dans ses caisses par les organes publics turcs est de l'argent de l'État ;

5. Que, durant l'occupation militaire, les autorités militaires serbes avaient le droit, et d'après les principes généraux du droit des gens et d'après les conventions internationales, de prendre et utiliser à leur profit toute la propriété mobilière de l'État turc qui se trouvait dans les caisses de la Banque ottomane, sous quelque nom que cette propriété fût désignée.

En conséquence, l'État serbe n'est pas tenu de rendre les sommes dont on demande la restitution.

(Seal of the Ministry for Foreign Affairs.)

Ministère des Affaires Étrangères, Belgrade,
le 10 (23) *février*, 1914.

[11895] No. 244.

Note communicated by Count Benckendorff, March 16, 1914.

M. SAZONOF télégraphie par circulaire en date du 14 mars courant :

"Veuillez communiquer au Gouvernement auprès duquel vous êtes accrédité que le Gouvernement Impérial, dans le but de rechercher le plus soigneusement possible les candidats les mieux appropriés au poste des inspecteurs généraux, a arrêté son choix sur deux officiers belges, dont les qualités lui semblent satisfaire en tout point aux exigences réclamées : ce sont le Major-Général Deguise et le Lieutenant-Colonel Henri, Vice-Gouverneur du Congo.

"En vue de laisser à la Porte la liberté de faire son choix entre quatre candidats, nous espérons pouvoir présenter à très bref délai deux candidats supplémentaires, avec lesquels nous nous trouvons actuellement en pourparlers.

"Le délai apporté à notre proposition des candidats en question s'explique exclusivement par la nécessité d'un choix des plus minutieux.

"Veuillez représenter au Gouvernement britannique combien il serait désirable pour nous d'attendre notre communication à cet effet, afin d'éviter des propositions isolées, qui, dans une question intéressant la Russie plus que toute autre Puissance, pourraient porter atteinte à la solidarité si heureusement établie entre les différents Cabinets à ce sujet."

Ambassade Impériale de Russie, Londres,
le 16 *mars*, 1914.

[11938] No. 245.

Prince Lichnowsky to Sir W. Tyrrell.—(*Received March* 17.)

(Translation.)
Dear Friend, *German Embassy, March* 16, 1914.

I HAVE just learnt that my Government, with the view of allowing the Porte a wider choice, think it highly desirable to suggest to them nationals of other small Powers in addition to the Dutch. As the Turks seem to be prejudiced against Belgians, Switzerland would seem to be specially suitable. This country has constantly furnished valuable officials for the colonies of the Great Powers.

Would you be so good as to bring the foregoing to Sir Edward Grey's notice?

With, &c.
LICHNOWSKY.

[11676] No. 246.

Sir H. Babington-Smith to Foreign Office.—(*Received March* 17.)

National Bank of Turkey, 50, *Cornhill, London,*
March 16, 1914.

Sir,

IN accordance with the request conveyed in Sir Eyre Crowe's telegram of the 14th instant, with reference to the question of petroleum in Mesopotamia, I have

the honour to state in writing the proposals which I explained to him verbally on the 12th instant.

The Anglo-Saxon Petroleum Company agrees to give to Mr. Gulbenkian a sub-participation of 2½ per cent., without voting rights, out of the 25 per cent. which that company holds in the capital of the Turkish Petroleum Company. Mr. Gulbenkian will be satisfied if, in addition to this 2½ per cent, he is given a sub-participation of 2½ per cent. in the share of 50 per cent. which, in accordance with the wish of His Majesty's Government, would be assigned to Mr. d'Arcy's group. The shares representing this 2½ per cent. would stand, not in Mr. Gulbenkian's name, but in the name of the Anglo-Persian Oil Company, or whatever other name represents the d'Arcy group, and the votes attaching to them would be exercised for all purposes by that group. Mr. Gulbenkian will sign any document that may be deemed necessary to remove any doubt on this point, and, further, he will enter into a binding engagement that this interest should not be transferred to anyone else without first being offered on defined terms to the d'Arcy group.

As an example of a method by which the price may be defined, I may refer to the article of the statutes of the Turkish Petroleum Company which deals with this point.

This arrangement would secure to the d'Arcy group complete and permanent control of 50 per cent. of the share capital if, as I assume is the case, His Majesty's Government have taken measures to ensure that the shares held by that group at the outset shall continue to be held by it permanently. Mr. Gulbenkian would have a financial interest, amounting to 5 per cent. in all, in the business, but he would have no voting rights of any kind.

As regards the procedure to be followed, the shares in the Turkish Petroleum Company held in the name of the National Bank of Turkey (50 per cent. of the whole) might be transferred half to the Deutsche Bank and half to the Anglo-Saxon Petroleum Company, and then transferred afresh to the d'Arcy group. This was the procedure originally suggested by the Deutsche Bank. As an alternative, the shares might, with the concurrence of the Deutsche Bank and the Anglo-Saxon Petroleum Company, be transferred direct to the d'Arcy group. So far as the National Bank of Turkey is concerned, either procedure might be adopted.

The question would arise whether the partnership thus to be established between the d'Arcy group, the Deutsche Bank, and the Anglo-Saxon Petroleum Company should apply to the whole of Turkey (as does the Turkish Petroleum Company) or should be limited to Mesopotamia, the region to which the attention of the d'Arcy group has been directed. But once the question of principle decided, this matter could be settled without difficulty between the parties concerned.

If there are any other points on which you would desire to have further information or explanation, I beg to hold myself entirely at your disposal.

I am, &c.
H. BABINGTON-SMITH.

[11961] No. 247.

Sir L. Mallet to Sir Edward Grey.—(*Received March* 17.)

(No. 171.)
(Telegraphic.) *Constantinople, March* 17, 1914.

YOUR telegram No. 128 of 11th March : Shatt-el-Arab Riverain Commission.

I hope to be able to make a proposal in a few days about loan, but the difficulty is requirements of the French loan.

Djevad is to go as Minister to Belgrade. I will speak to Talaat Bey as to necessity of choosing a good man.

[12007] No. 248.

Sir Edward Grey to Sir R. Rodd.

(No. 69.)
(Telegraphic.) R. *Foreign Office, March* 17, 1914.

PLEASE inform the Italian Government that a representative of the Anatolian Railway is now in London, and that he is most anxious to discuss with us questions affecting the interests of the Smyrna–Aidin Railway.

We are most unwilling to allow this favourable opportunity to slip by, and we consider it essential, even if the Italian Government cannot definitely approve the initialled agreement, to communicate a copy of it confidentially to the Germans, and this I propose to do on 19th March.

(Repeated to Constantinople, No. 145.)

[11963] No. 249.

Memorandum by Mr. Ashley.—(Received at Foreign Office, March 18.)

Mesopotamian Oil.

IN accordance with Sir Hubert Llewellyn Smith's instruction, I have this morning had an interview with Dr. Bergmann, representing the Deutsche Bank. He was accompanied by Herr von Kühlmann.

Dr. Bergmann was acquainted with the outline of Sir Henry Babington-Smith's latest proposal. He said that, whilst the Deutsche Bank would naturally prefer a deal with the British group, whereby each would have a 50 per cent. interest, they felt that it would be difficult for them to take such a course. In the first place, they are under certain definite obligations in connection with the Turkish Petroleum Company, and independent action by them might, and very probably would, give rise to litigation, which they were anxious to avoid. In the second place, there are business relations between the Deutsche Bank and the Anglo-Saxon Company in other fields, and the Deutsche Bank for that reason desire that the settlement reached should be as amicable as possible.

The Deutsche Bank therefore do not object to a settlement on the basis now suggested by Sir Henry Babington-Smith, and Dr. Bergmann is of opinion that it offers a solution which should be satisfactory to the d'Arcy group. I said that I was not in a position to say what the decision of the d'Arcy group would be, but, speaking only for myself, it seemed that there was a fair prospect of a settlement. It was suggested that if the d'Arcy group were favourably inclined to Sir Henry Babington-Smith's proposal, a meeting of all the parties might be held, say, to-morrow, at which a record of the arrangement could be drawn up and signed by the various parties. This would give the British and German Governments an adequate basis for action at Constantinople, and the formal details could be settled subsequently.

Herr Stauss, the oil company expert of the Deutsche Bank, would be available early next week.

In view of the attitude of the Deutsche Bank and the apparently genuine nature of the offer made by Sir Henry Babington-Smith, I venture to suggest that an effort should be made to induce the d'Arcy group to accept the scheme. It appears to give them all that they really want, or at least as much as they can reasonably expect—50 per cent. of the control.

I suggest that, if they do acquiesce, a meeting of all the parties proposed above should be held at the Board of Trade or at the Foreign Office, and that it should be clearly understood that the purpose of the meeting would be to record a decision and not to discuss any principles.

P. A.

March 17, 1914.

[12116] No. 250.

Sir L. Mallet to Sir Edward Grey.—(Received March 18.)

(No. 173.)
(Telegraphic.) R. *Constantinople, March* 18, 1914.

YOUR telegram No. 139 of 13th March.

Silley is a British subject.

He will give undertaking asked for, and has no objection to working with D'Arcy group.

I have authorised His Majesty's consul at Basra to recommend him an agent to follow up matter in accordance with his request, as formalities at Basra must be proceeded with in ordinary course. His Majesty's consul could not refuse this assistance to a British subject.

[12186] No. 251.

Sir Edward Grey to Sir R. Rodd.

(No. 71.)
(Telegraphic.) *Foreign Office, March* 18, 1914.

YOUR telegram No. 47 of 6th March.

The Italian Ambassador to-day communicated the suggestion of his Government that, in return for the admittance of English directors to the board of Adalia port and railway, Italian directors should be admitted to the board of the Smyrna–Aidin Railway Company. His Excellency was informed that this was a matter which concerned primarily the British company rather than His Majesty's Government, but that, as the principle of reciprocity seemed not in itself unreasonable, I would at once communicate with the company and urge favourable consideration of a proposal that there should be Italian directors on Buldur–Kizilkaia line and on the Aidin–Tchina line, if ever linked up with Moughla.

The Italian Ambassador also put forward plan of particular method by which mutual appointments of director to British and Italian companies respectively should be effected. If the principle is accepted I do not anticipate difficulty as to method of giving effect to it, but, as this is a rather technical point, its consideration must be left to the representatives of the two companies.

In answer to enquiry whether the present communication from the Italian Government might be taken to imply their assent to the initialled heads of agreement, the Ambassador was unable to say anything definite. It is very desirable to get on with the negotiation, and I should be glad if your Excellency could obtain from the Italian Government a positive statement that, subject to the satisfactory settlement of the question of directors, the heads of agreement are accepted.

[12324] No. 252.

Sir Edward Grey to Sir L. Mallet.

(No. 150.)
(Telegraphic.) R. *Foreign Office, March* 19, 1914.

THREE groups, viz., Deutsche Bank, Anglo-Saxon, and D'Arcy, have to-day signed agreement that they will operate in Turkey only through Turkish Petroleum Company.

You should therefore join with your German colleague as soon as he receives instructions, in requesting Ottoman Government to grant to that company exclusive concession to produce oil in the vilayets of Mosul and Bagdad.

The operations of the company will not necessarily be confined to those vilayets, but the first step should be to secure definite concession there.

(Repeated to Berlin, No. 76.)

[12199] No. 253.

*Foreign Office to Board of Trade.**

Sir, *Foreign Office, March* 19, 1914.

I AM directed by Secretary Sir E. Grey to transmit to you the accompanying copy of a minute, dated the 18th March, recording a conversation between Mr. Parker and Herr von Kühlmann and Herr Bergmann respecting certain clauses of the draft Anglo-German agreement.

I am to enquire the views of the Board of Trade respecting the proposed change in the clause regarding British directors on the board of the Bagdad Railway, and, if possible, Sir E. Grey would be glad to have a reply this week so that the matter may be further discussed with Herr Bergmann before his departure.

* Also to India Office

With regard to article 6, clause *b*, of the draft convention (which as you are aware the German Government have now conditionally agreed to), the following modification has been proposed to Herr von Kühlmann for submission to his Government:—

"The expert referee shall, unless it be otherwise agreed to by the parties concerned, proceed to Basra for the purposes of his enquiry. He shall publish his report within four months after having received all the necessary materials from all the parties, including both commissioners (instead of 'both sides'), or within four months of his arrival at Basra."

I am to add that this modification has been proposed with a view to ensuring that the British Commissioner shall be effectively heard by the expert referee.

I am, &c.
EYRE A. CROWE.

Enclosure in No. 253.

Minute by Mr. Parker.

I HAD a meeting with Herr von Kuehlmann and Herr Bergmann to-day. I communicated to them copies of the agreement initialled by the Smyrna-Aidin Railway Company and Signor Nogara, for their confidential information.

I also communicated to them a draft of the agreement which it is suggested should be signed by them (*i.e.* the Bagdad Railway) on the one hand and Lord Inchcape and Mr. Lynch on the other. They said they would consider it, and they anticipated no difficulty as it was merely an amplification of what had already been initialled *ad referendum*.

I then raised the question of British directors on the Bagdad Railway. I said that in the German draft of November 3, 1913, article 1, the following clause was suggested:—

"The Imperial German Government declare that they will use their best endeavours to secure that two British directors, agreeable to His Britannic Majesty's Government, shall be admitted as representatives of a group of British shareholders to the Board of the Bagdad Railway Company."

In our counter-draft of December 15 the words underlined had been omitted, and in the last German counter-draft (that of January 1914) the words "agreeable to His Britannic Majesty's Government" had been omitted.

The German representatives explained that they did not like retaining the words "agreeable to His Britannic Majesty's Government" if it were not stipulated that they should be "representatives of a group of British shareholders" as

it looked as if His Britannic Majesty's Government had two watch dogs. I explained our difficulties, and I suggested that, inasmuch as the two British directors would have to have a qualifying holding they would themselves be shareholders, and therefore, speaking tentatively, I did not see why we should not accept the German counter-draft of November 3 (quoted above) provided the three words "a group of" were deleted. They said they would recommend this to Berlin by telegraph. I said my proposal was non-committal, pending reference to the Board of Trade and Sir E. Grey's decision. They said the Deutsche Bank group which controls the Bagdad Railway would give an undertaking to the German Government, who in turn would give an undertaking to His Britannic Majesty's Government, that the said group would always vote in favour of two directors agreeable to His Britannic Majesty's Government. They said that they assumed that His Britannic Majesty's Government would not oppose the investment of British capital in the railway, and I reminded them that we had expressly undertaken not to oppose it in article 1. They said they would like to get some capital in London, and I indicated the distinction between directors and groups, pointing out that the latter need not necessarily be entrusted with the presentation of directors.

This point is being referred to Berlin, but it is desirable that we should have an early expression of the views of the Board of Trade.

They then said that they would like the words printed in italics added to article 3 of the annexed tentative draft. I consider that they should be added.

A. P.

March 18, 1914.

Annex.

Tentative Draft of March 17, 1914.

ARTICLE 3 (*c*). His Britannic Majesty's Government declare that they will in no case themselves establish, or support any claim by any persons or corporations whatsoever to establish, in Ottoman territory, railway undertakings either in direct competition with the Bagdad Railway Company's lines, or in contradiction with that company's

existing rights, unless and until there is complete agreement on the subject between the Imperial German Government and His Britannic Majesty's Government. For the purposes of this article, the western terminus of the Bagdad Railway shall be held to be at Konia and the eastern terminus at Basra.

In regard to article 3, clause (*c*), of the Anglo-German Convention of , it is agreed as follows :—

1. No lines in that part of Asiatic Turkey which, west of the 36th meridian of east longitude, lies south of the 34th degree of latitude or in that part which, east of the said meridian, lies south of the 31st degree of latitude, shall be held to be in direct competition ; but any line north of these limits shall be held to be in direct competition if it establishes direct railway communication between the Mediterranean and the Persian Gulf.

2. There shall be a protective zone extending for 60 kilom. on either side of the Bagdad Railway, and any line passing within the said zone shall be held to be in direct competition, provided that in the region between Museyib and Kurna the protective zone shall be bounded on the east by a line drawn midway between the Rivers Tigris and Euphrates, from the latitude of Museyib to Kurna.

3. Local lines serving as feeders for the river navigation and not exceeding 100 kilom. in length shall, *provided they do not pass within the protective zone*, not be held to be in direct competition.

4. The question of whether any other line is or is not in direct competition shall, in the event of failure to reach an agreement, be referred to arbitration in accordance with article 8 of the said Convention.

[12324] No. 254.

Turkish Petroleum Concessions.

Arrangements for Fusion of the Interests in Turkish Petroleum Concessions of the D'Arcy Group and of the Turkish Petroleum Company.

IT is agreed that the interests shall be divided as follows :—

Fifty per cent. to the D'Arcy group,
Twenty-five per cent. to the Deutsche Bank,
Twenty-five per cent. to the Anglo-Saxon Petroleum Company, and that, in order to carry out this division—

1. The shares in the Turkish Petroleum Company now held by the National Bank of Turkey shall be transferred in equal moieties to the Deutsche Bank and the Anglo-Saxon Company.

2. The capital of the Turkish Petroleum Company shall be increased to 160,000*l.* by the creation of 80,000 new shares of 1*l.* each of the same class as those now existing.

3. These 80,000 new shares shall be allotted to the D'Arcy group on terms to be agreed upon between the parties.

4. The Board of the Company shall consist of 8 members, of whom 4 will be nominated by the D'Arcy group, 2 by the Deutsche Bank, and 2 by the Anglo-Saxon Company.

5. The capital of the Turkish Petroleum Company shall be employed only in exploring, testing, and proving oilfields, a separate public company or companies being formed to work any field or fields the examination of which has proved satisfactory.

6. Such working company or companies shall issue to the Turkish Petroleum Company fully paid ordinary shares as consideration for the acquisition of the rights of the Company to the properties to be acquired ; such ordinary shares shall carry full control of the working company or companies, which control shall in no circumstances be parted with by the Turkish Petroleum Company.

7. The working capital required by such working company or companies shall be raised by means of preference shares and (or) debentures which shall be offered to the public to such extent as the members of the Turkish Petroleum Company or any one of them shall elect not to subscribe for themselves.

8. The alterations in the memorandum and (or) articles of association of the Turkish Petroleum Company necessary to carry out the above conditions shall be made forthwith.

9. Mr. C. S. Gulbenkian shall be entitled to a beneficiary 5 per cent. interest without voting rights in the Turkish Petroleum Company, this 5 per cent. being contributed equally by the D'Arcy group and the Anglo-Saxon Company out of their respective holdings. The shares representing Mr. Gulbenkian's interest shall be registered in the names of nominees of the D'Arcy group and of the Anglo-Saxon Company, and shall be held by them, but undertakings shall be exchanged between these parties whereby—

(1.) Mr. Gulbenkian undertakes to pay the calls on the shares, and
(2.) The D'Arcy group and the Anglo-Saxon Company undertake that Mr. Gulbenkian shall be entitled to all financial benefits of the shares.

If Mr. Gulbenkian shall desire to dispose of his interest, and also in the event of his death, the D'Arcy group and the Anglo-Saxon Company shall have the option of purchasing the interests standing in their names on the terms defined in article 36 (*b*) of the articles of association of the Turkish Petroleum Company.

10. The three groups participating in the Turkish Petroleum Company shall give undertakings on their own behalf and on behalf of the companies associated with them not to be interested directly or indirectly in the production or manufacture of crude oil in the Ottoman Empire in Europe and Asia, except in that part which is under the administration of the Egyptian Government or of the Sheikh of Koweit, or in the "transferred territories" on the Turco-Persian frontier, otherwise than through the Turkish Petroleum Company.

Foreign Office, London, March 19, 1914.

(For the Imperial German Government),
R. VON KÜHLMANN.

(For His Britannic Majesty's Government),
EYRE A. CROWE.

(For the National Bank of Turkey),
H. BABINGTON SMITH.

(For the Anglo-Saxon Petroleum Company, Limited),
W. DETERDING.
WALTER H. SAMUEL.

(For the Deutsche Bank),
C. BERGMANN.

(For the D'Arcy Group),
C. GREENWAY.
H. S. BARNES.

[12434] No. 255.

Admiralty to Foreign Office.—(Received March 20.)

(Secret.)

Admiralty, March 20, 1914.

Sir,

IN reply to the Foreign Office letters of the 6th and 9th March in regard to oil concessions in Nejd and Basra, I am commanded by my Lords Commissioners of the Admiralty to state that as regards these places they concur with Sir Edward Grey's views as expressed in letter of the 6th instant. This matter has been discussed with the Board of Trade, and my Lords concur in the views expressed in the Board of Trade letter of the 12th instant as regards all the districts in question.

In regard to Koweit and Bahrein, my Lords propose to make a further communication in due course when the present negotiations with the Anglo-Persian Oil Company, which are being pressed forward, have been definitely concluded.

My Lords desire to take this opportunity of mentioning that they propose to make it a condition of any agreement with the Anglo-Persian Oil Company that funds provided by Government shall not be used for development outside that company's present concession without the consent of the Admiralty. The exact application of such condition will be determined later on according to circumstances.

A copy of this letter has been sent to the India Office and also to the Board of Trade.

I am, &c.

W. GRAHAM GREENE.

[12330] No. 256.

Sir R. Rodd to Sir Edward Grey.—(Received March 20.)

(No. 52.)

(Telegraphic.) R. *Rome, March 19, 1914.*

YOUR telegram No. 71 of 18th March: Italian agreement with Smyrna-Aidin Company.

Although new Ministry may be practically said to have been constituted by Signor Salandra, it has not yet an official existence, and may not assume office until the 21st March.

Arrangement between British company and Italian syndicate will have to be referred to the new Prime Minister, who is at present ignorant of the question, and positive statement of approval by the Italian Government can only then be obtained.

Meanwhile Minister for Foreign Affairs, who will retain office, says that from his reports he is sanguine, but he takes exception to article 10, which proposes to refer eventual differences of view between the parties to arbiter appointed by only one of the Governments (Board of Trade), and thinks that modification of this provision would be equitable.

He expresses his gratitude for your support of principle of reciprocity regarding directors, which has importance for public opinion.

[12434] No. 257.

Sir Edward Grey to Sir L. Mallet.

(No. 156.)

(Telegraphic.) R. *Foreign Office, March 20, 1914.*

MY telegram No. 139.

The question of appointment of agent at Constantinople to represent Turkish Petroleum Company as reconstituted will be considered as soon as technical formalities here are completed.

When appointment is made, your Excellency should bring agent and Mr. Silley together in order that question of transfer of latter's rights in Basra and Nejd to Turkish Petroleum Company may be discussed. Such a transfer would not be open to political objection on our part, provided green line in map attached to convention of 29th July, 1913, were respected.

[12330] No. 258.

Sir Edward Grey to Sir R. Rodd.

(No. 72.)

(Telegraphic.) R. *Foreign Office, March 20, 1914.*

YOUR telegram No. 52 of 9th March: Italian agreement with Smyrna-Aidin Company.

Your Excellency should point out to Minister for Foreign Affairs that article 10 was spontaneously offered to company by Signor Nogara as a special inducement to treat, and that if it were now withdrawn a most unfavourable impression would be created, and success of whole negotiation jeopardised.

Company are considering question of admission of Italian directors to board controlling extensions specified, but they could in no case agree to admit directors to board of company itself, and probably special subsidiary company would have to be formed.

(Repeated to Constantinople, No. 153.)

[12555] No. 259.

Mr. Slaughter to Mr. Parker.—(Received March 21.)

Dear Mr. Parker, 18, *Austin Friars, London, March 20, 1914.*

OTTOMAN Railway (Smyrna to Aidin).

As you are aware, I saw Hakki Pasha at Claridge's Hotel on Friday last, and he arranged that he would get Moukhtar Bey to come over to this country so that Moukhtar Bey and Mr. Barfield could discuss the technical questions which are outstanding.

These technical questions are six in number, and are as follows:—

1. The reduction of the maximum tariff.
2. Fixing the working costs at a fixed percentage of the gross receipts.
3. The alteration of the Smyrna-Aidin Company's lines and rolling-stock, so that the rolling-stock of the German railways can circulate on the company's railway and *vice versâ*.
4. The carriage of troops.
5. A junction with the Bagdad Railway at Afiun Kara Hissar or east of Lake Beyscheir.
6. The type of railway to be constructed between the lakes.

As you are no doubt aware, Moukhtar Bey is coming to London next week, and, in order to be prepared to meet him, Mr. Barfield had a discussion on Wednesday with Lord Rathmore and Mr. Single, at which Corbett was present.

As a result of this discussion, the company came to the following conclusions:—

1. *Reduction of Maximum Tariff.*—Hakki Pasha, in his memorandum of the 13th February, suggested that the maximum tariff should be reduced to agree with the maximum in force on the Anatolian Railway, and he explained in conversation that this would not involve any reduction of the rates actually charged, as the maxima allowed to the Smyrna-Aidin Railway were very much higher than the rates actually charged.

Mr. Barfield has been carefully into the question, and he finds that it is quite impossible for the company to agree to the whole of Hakki Pasha's proposals. "The utmost limit of concession" is the reduction of the maximum tariff for passengers so as to agree with the Anatolian maximum, subject to the Turks withdrawing demand No. (4). No such large reduction is, however, possible in the case of goods, the Anatolian maximum tariff being much lower than the Smyrna-Aidin maximum, and Mr. Barfield states that it would be impossible to make any profit at all on the carriage of goods if the company were only allowed to charge the rates allowed to the Anatolian Railway.

Mr. Barfield has prepared and will submit to Moukhtar Bey a revised scale of goods rates, which, while allowing the necessary margin over the rates actually charged, shows a very substantial reduction of the maxima at present authorised by the Smyrna-Aidin Company's conventions.

As a matter of fact, there is a very big difference indeed between the Smyrna–Aidin Company's maximum goods tariff and the Anatolian maximum tariff. The Anatolian maxima are in many cases lower than the rates actually charged by the Smyrna–Aidin Company, although the company's rates are substantially lower than their authorised maxima.

2. *Fixed Percentage of Gross Receipts.*—This question has been exhaustively considered, and Mr. Barfield has advised the board that under no circumstances can the Turkish proposal be acceded to.

The financial year 1913 was the most successful in the history of the Smyrna–Aidin Company, but, even then, the actual working costs were $42\frac{1}{4}$ per cent. of the gross receipts.

Working costs have shown a steadily rising tendency for the last few years, and, although they have been on occasions under 40 per cent., there have also been occasions when they have considerably exceeded 50 per cent. When the proposed increase in the customs duties takes effect, there is no doubt that working costs will increase still farther.

The only counter-proposal that the company can make is that, if the working costs reach a certain percentage—say, 50 per cent.—and the Government are not satisfied that proper economies are being effected, the Government shall have the fullest right of investigation and enquiry.

3. *Alteration of the Company's Tunnels, Platforms, &c.*—The following is a copy of a memorandum which was produced to me by Hakki Pasha:—

"Le gabarit de libre passage de la voie du chemin de fer d'Aïdin et le gabarit du matériel roulant du chemin de fer n'étant pas conformes aux gabarits respectifs adoptés sur le reste du réseau ottoman à voie normale de la Turquie d'Asie, le matériel roulant de l'Aïdin ne peut pas circuler sur le reste du réseau d'Asie et *vice versâ*. Or, c'est là une chose mauvaise et en tout cas inadmissible au point de vue militaire. Il importe donc que l'Aïdin fasse les modifications nécessaires tant en ce qui concerne la voie que le matériel roulant."

The proposal contained in the memorandum is entirely new, and is one with which it is impossible for Mr. Barfield to deal, as he has no materials in this country upon which to come to a conclusion.

The alterations required involve the heightening of two tunnels, the alteration of innumerable bridges, and the lowering of the platforms, as the Smyrna–Aidin Company's platforms are high platforms on the English model. It is probable also that the rolling-stock would have to be altered.

The company cannot make even a rough estimate of the cost involved, as no study of the question has ever been made, and each individual bridge and platform will have to be separately considered. One thing is perfectly clear, however, that, whatever expenditure this proposal may involve, such expenditure will be absolutely unproductive to the company.

If, for military reasons, it is essential for the alterations to be carried out, the Smyrna–Aidin Company is prepared to do them provided either that the Turks provide the money required, or that a proper guarantee of the interest on the capital sum involved is forthcoming. Under no other circumstances can the proposal be entertained.

4. *Carriage of Troops.*—In his memorandum of the 13th February Hakki Pasha asks that article 26 of the "cahier des charges" of the Bagdad Railway shall be incorporated in the new convention.

The principal new obligations which are to be imposed are:—

(*a*.) One-quarter of the tariff rate to be charged instead of one-half, the amount at present authorised by the Smyrna–Aidin Company's conventions.

(*b*.) The Government to have the right to take over and work the line in case of necessity.

With regard to (*a*), there is a discrepancy between the "cahiers" of the Anatolian and the Bagdad Railways; it appears probable that one-third is really meant, and not one-quarter.

The rates actually charged by the company at the present time are half its usual rates, which only show a very small margin of profit,

The Smyrna–Aidin is not unwilling to give increased facilities for the transportation of troops, but it cannot agree to reduce its maximum tariff as suggested in 1

above, and also to reduce the proportion of the maximum which it is entitled to charge for the carriage of troops.

5. *Junction at Afiun Kara Hissar.*—The question of a junction at Afiun Kara Hissar is a most complicated one. The Smyrna–Aidin Company, after very careful consideration, have come to the definite conclusion that they would much sooner that a junction between their line and the Bagdad Railway should be made to the east than to the north.

The Smyrna–Aidin Company cannot contemplate a junction at Afiun Kara Hissar without a guarantee from the Turks over a substantial piece of their existing line to compensate them for the loss of a portion, at any rate, of the Sandikli traffic, most of which they now get, and the deviation of traffic to Constantinople, which now goes viâ Smyrna. They would much prefer to build an unguaranteed line to Sandikli, and get all the Sandikli traffic rather than that the line should be extended to Afiun Kara Hissar, and traffic be diverted over the Anatolian Railways.

With regard to a junction to the east, Mr. Barfield has come to the conclusion that, if the deal with the Italians goes through, such a junction would be of advantage to the company.

Before the junction with the Italians was contemplated there was a danger of traffic from the Beyscheir district being diverted to Mersina or Alexandretta, if the east and west connection were made, but, in addition to the fact that if the Italian scheme goes through the company will be guaranteed over the eastern part of its line, Mr. Barfield prefers to risk this diversion of traffic rather than incur any loss of the Sandikli traffic, which should prove very profitable to the company.

6. *Railway between the Lakes.*—If it proves impossible to link up with the Germans somewhere to the south of Lake Beyscheir then the company is prepared to build a light railway between the lakes, provided that the gauge is the same as the gauge of their trunk line. They could not, however, consider building, say, a metre gauge railway, for which special rolling-stock would have to be made.

While I am quite sure that you have not overlooked the facts of the situation, I want, in connection with the above remarks, to emphasise the points of difference between the Smyrna–Aidin Company's position and the position of the Anatolian and Bagdad Railways. These remarks also apply to some extent to the Cassaba Railway.

1. No comparison can ever be fairly drawn between a railway which has to stand entirely by itself and a guaranteed railway which can rely on outside assistance. It is especially the fact in the present case, as, owing to the nature of their guarantees, the guaranteed railways are interested to run as few trains as possible, and it is really to their interest not to run any trains at all. Quite apart also from this fact, the traffic the guaranteed lines do carry, and especially the traffic they will carry in the future, is, for the greater part, carried over long distances, and can accordingly be carried profitably at low rates.

2. The guaranteed companies are allowed to import the fuel for their engines free, while the Smyrna–Aidin Company has to pay import duties.

If the Smyrna–Aidin Company were granted the same exemption for its fuel, it would be prepared to reduce its goods rates to a substantial extent.

3. The guaranteed railways have port concessions at (*inter alia*) Haidar Pasha and Alexandretta, which are extremely valuable. The net profits only of these concessions are included in the gross profits of the railways.

4. The guaranteed railways have water-power and mineral concessions, within an area of 25 kilom. on each side of their railway, which will no doubt prove valuable in the future.

The Smyrna–Aidin Company has, it is true, a limited right of preference for certain concessions, but, in practice, this right will probably be found to be of little value.

Thus, even if the Smyrna–Aidin Company is given a guarantee over a substantial part of its existing line, it will never be in the same position as the guaranteed railways because of the other privileges they enjoy.

The above remarks are really only rough notes for your information, but I am anxious that you should know the exact position of affairs before further conferences take place.

Yours faithfully,
W. CAPEL SLAUGHTER.

[12272] No. 260.

Sir Edward Grey to Sir L. Mallet.

(No. 157.)
(Telegraphic.) R. *Foreign Office, March* 21, 1914.

INSPECTORS-GENERAL for Armenia.

Russian Government are anxious to offer choice of nationalities to Turkish Government, and suggest Messrs. Westenenk, of the Dutch East Indian Administration, and Doorman, of the Dutch Ministry of War, or General Deguise of the Belgian army, and Colonel Henri, Vice-Governor of the Belgian Congo.

You can join in the submission of these names to the Turkish Government as soon as your colleagues are similarly authorised.

[12656] No. 261.

Sir Edward Grey to Sir E. Goschen.

(No. 79.) R.
(Telegraphic.) *Foreign Office, March* 21, 1914.

DISCUSSIONS have been taking place with German representatives regarding railway interests in Asiatic Turkey, and memoranda and maps go to your Excellency by post to-night.

I regret to say that two serious hitches have arisen.

The Germans have pressed me to give an undertaking that no railways shall be built which are in direct competition with the Bagdad Railway at any point between Konia and Basra.

I have with considerable hesitation expressed my readiness to accept a formula which rules out any lines within 60 kilom. of either side of the line and any line north of certain limits if it establishes direct railway communication between the Mediterranean and the Persian Gulf, while remaining lines, except short ones serving as feeders for the river navigation, are, failing agreement, to be classed as competing or non-competing in accordance with the award of an arbiter.

This concession on my part will meet with formidable criticism here when the agreement is published, and it goes much further than anything I had previously contemplated.

As a counter-concession, which it must be admitted is out of all proportion to that we have expressed readiness to make, I have asked—

(*a.*) That a line from Mendali to Kut-el-Amara on the Tigris should be included in the short feeders for the river navigation; and

(*b.*) That Lake Beyshehir should be regarded as within the area to be served by the Smyrna–Aidin Railway.

As regards (*a*), our argument is that when the Bagdad Railway from Bagdad to Basra is completed, a great part of the through traffic will be diverted from the river to the railway, and it is therefore vital that the river service, in which the Germans will be shareholders, should be fed by local lines and traffic. Mendali will probably be just inside the 60-kilom. zone measured from the Khanikin branch, and the line we propose would pass viâ Bedrai and Jessan, which would make it rather longer than 100 kilom.

As regards (*b*), please refer to arguments in memorandum printed in "Turkey" series under date of 21st February, and to memorandum which goes to you by post to-day.

The Smyrna–Aidin Company claim that the junction, or point of meeting, of extensions from their system and the Bagdad system should be Lake Seidisheir; the Bagdad Railway representatives claim that it should be at the north end of Lake Beyshehir, a solution which would be disastrous to the Smyrna–Aidin Company. As a compromise I can induce the company to agree to make the meeting-point at the town of Beyshehir, which serves as a market for the whole district.

Your Excellency should represent to the German Government the difficulties of the situation and the very considerable concessions which we have shown ourselves ready to make, the enormous area to which our concessions to Germany relate, and the great importance I attach to these two small points being conceded.

Though I am very desirous that the negotiations should be speedily concluded, I

cannot give way on either of these points without taking back the concessions we have made in favour of the interests of Germany.

The Smyrna–Aidin Railway is the oldest and only remaining British railway in Asia Minor and is entitled to special support from His Majesty's Government; and I have only been able to agree to the proposed settlement regarding railways in Mesopotamia on the understanding that British rights in the river navigation should be consolidated and put upon a permanent footing, a consummation which is impossible if local traffic such as would be brought by a line from Mendali is to be ruled out. As Mendali is nearly 60 kilom. from the proposed alignment of the Bagdad Railway no serious competition can be feared.

Throughout the discussions the German negotiators have laid stress on the necessity of our making concessions on the ground that German public opinion must be considered. In return I must ask that British public opinion be taken into account. I shall have to defend our concessions before Parliament, and I must be in a position to show that important British interests have not been sacrificed.

I shall be glad to receive a telegraphic reply from your Excellency if possible by Tuesday afternoon.

[12656] No. 262.

OTTOMAN RAILWAY COMPANY (SMYRNA TO AIDIN).

Memorandum of Points to be discussed between the Representatives of the Anatolian, Bagdad, and Smyrna–Aidin Companies.

(Communicated to Herr von Kühlmann and Herr Bergmann on March 21, 1914.)

1. *Heads of Proposed Agreement with the Italian Syndicate.*

THE Anatolian and Bagdad Companies to take note of this agreement and not to oppose such agreement being approved by the Ottoman Government.

2. *Navigation of Lakes Egherdir and Beyscheir.*

The Anatolian and Bagdad Companies not to oppose the granting to the Smyrna–Aidin Company of a Concession for the navigation of the Lakes, provided that no monopoly is asked for.

3. *Railway between the Lakes.*

The Anatolian and Bagdad Companies not to oppose the granting to the Smyrna–Aidin Company of a Concession for the construction and working of this railway.

4. *Railway from Bagdad Railway to Lake Seidischeir.*

The Smyrna–Aidin Company not to oppose the ng to the Bagdad Company of a Concession for the construction and working of a railway from a point on the Bagdad Railway, through the Tscharbambe Valley to Lake Seidischier.

5. *ction at Afiun Karahissar.*

The Smyrna–Aidin Company has applied to the Ottoman Government for a Concession to construct and work a branch line from Kara Kouyou to Sandukly.

The Smyrna–Aidin Company has put forward a tentative proposal to the Ottoman Government for an option, extending over a long period of years, to make a junction at Afiun Karahissar, with the Anatolian Railway, if it ultimately desires to do so and can come to satisfactory terms with the Ottoman Government and the Anatolian Railway.

No demand has, as yet, been made by the Ottoman Government to the Smyrna–Aidin Company for the immediate construction of a line from Sandukly northwards, to join the Anatolian Railway at Afiun Karahissar, but the Smyrna–Aidin Company believes that such a demand will be made, as it understands that the Ottoman Government is desirous of obtaining through railway communication between Constantinople and Adalia. If such a demand is made, and is pressed by the Ottoman Government, the Company could only agree to such demand if the following conditions were fulfilled :—

(*a.*) An adequate and properly secured guarantee were given to the Smyrna–Aidin Company on the capital expenditure involved in the construction of the whole line from Kara Kouyou to Afiun Karahissar.

(*b.*) A similar guarantee were given in respect of the Smyrna–Aidin Company's existing line between Beudjeli and Kara Kouyou, to compensate it for the loss of the traffic diverted to the Anatolian Railway.

(*c.*) A rate agreement were entered into between the Smyrna–Aidin Company and the Anatolian Company securing equal rates to sea ports, traffic facilities, &c.

6. *Junction with the Bagdad Railway*

The Smyrna–Aidin Company is prepared to examine, with the Bagdad Railway, the question of a junction at some point to the south of the town of Beyscheir. The proposal has already been put forward tentatively, but the Smyrna–Aidin Company understands that objections are, or may be, raised by the Ottoman Government.

The Smyrna–Aidin Company is prepared to consider the provision of direct railway communication to the south of the town of Beyscheir, if satisfactory terms can be made with the Ottoman Government, and the Bagdad Railway will enter into an agreement for equal rates to sea-ports, traffic facilities, etc.

[12651] No. 263.

Anglo-German Convention.

SHATT-EL-ARAB.

British Draft of March 21, 1914.

Communicated to Herr von Kühlmann March 21, 1914.

Article 5 a.

HIS Britannic Majesty's Government and the Imperial German Government will join in using their good offices with the Imperial Ottoman Government to secure that the Shatt-el-Arab shall so far as ~~possible~~ *practicable* be brought into and permanently kept in a satisfactory state of conservancy in order that sea-going vessels may always be assured of free and easy access to the port of Basra, and to secure, further, that the navigation on the Shatt-el-Arab shall permanently be kept open for sea-going vessels, and be carried on under conditions of absolute equality for the vessels of all nations, without regard either to the nationality of the vessels or to their cargoes.

Dues shall be imposed, not for the mere fact of navigation, but only *for administrative charges of the Commission referred to in Article* 6 *and* for repaying sums actually spent on improvements in the navigation of the Shatt-el-Arab and harbour facilities. They shall in no case exceed

1 fr. per registered ton (the dues to cover the coming in and going out of the same vessel) *except by agreement between the two Governments;* any dues shall be levied on a basis of absolute equality without regard to the nationality of sea-going vessels or their cargoes.

ARTICLE 6.

(*a.*) The Imperial German Government having taken note of the Anglo-Turkish Convention of the 29th July, 1913, under which the free navigation of the Shatt-el-Arab is assured on terms of absolute equality to the shipping of all nations and a commission is established for the execution of such works as may be necessary for the improvement of its channel and for its maintenance and for other like purposes set out therein, and being of opinion that the provisions of the said Convention are conducive to the best interests of international commerce, will uphold it so long as it is not materially altered and so long as the duties imposed upon the Commission thereunder are satisfactorily carried out.

The Imperial German Government take note in this connection of the declaration, signed on the 21st October, 1913, and attached to the said Convention, to the effect that articles 7 and 8 thereof do not affect the rights enjoyed in the Ottoman Empire by the nationals of the Treaty Powers.

(*b.*) His Britannic Majesty's Government, so far as they are concerned, agree:—

(i.) That the German consul at Basra shall have the right to correspond with the Commission on matters within its competence;

(ii.) That, if in any case the Commission fail to meet the reasonable requirements of the commerce of the river, and refuse to remove the causes of complaint raised by the German consul, the question at issue shall be referred to an impartial expert, to be nominated by agreement between the two members of the Commission and the German consul, provided that if a similar or analogous complaint is made by any other consul, he shall participate in the said nomination; and that, failing unanimous agreement, Her Majesty the Queen of the Netherlands shall be invited to designate the expert referee.

The Government of His Britannic Majesty will use their good offices with the Imperial Ottoman

Government to ensure that effect is duly given to such recommendations as may be made by the expert referee.

To be put in the explanatory note:

The expert referee shall, unless it be otherwise agreed by the parties concerned, proceed to Basra for the purpose of his enquiry. He shall publish his report within four months after having received all the necessary materials from *all the parties, including both Commissioners*, or within four months of his arrival at Basra.

The expenses of the enquiry, including the remuneration of the referee, shall be borne in equal shares by the Governments concerned.

[12683] No. 264.

Sir L. Mallet to Sir Edward Grey.—(Received March 23.)

(No. 186.)

Sir, *Constantinople, March 18, 1914.*

I HAVE the honour to report that Hairi Bey, Minister of Evkaf (Pious Foundations), was yesterday invested with the office of Sheikh-ul-Islam The appointment is of more than usual significance, as it makes a new departure. Hitherto the Sheikh-ul-Islam has invariably been chosen from the ranks of the ulema or ecclesiastic hierarchy, and has usually been some venerable personage specially versed in theology or religious law. Hairi Bey, on the other hand, though technically qualified, as he was in early life one of the ulema class, had long ceased to wear the turban which distinguishes them, and has passed the best part of his adult career first in the service of the non-religious tribunals, and afterwards in ordinary political life. After the restoration of the Constitution in 1908, he was elected deputy for Nigde in the province of Konieh. Since then he has been once for a brief period Minister of Justice, twice Minister of Pious Foundations, and once Vice-President of the Chamber of Deputies, besides acting for short periods in other high capacities. He has been a consistent adherent of the Committee of Union and Progress. He is 47 years of age.

In personal intercourse Hairi Bey, or his Highness Hairi Effendi as he now becomes, is amiable and dignified in manner. He has shown at the Ministry of Pious Foundations that he has the courage to inaugurate, or at least to lend his name to radical changes in old-established quasi-religious institutions. I enclose an article from the "Osmanischer Lloyd" newspaper, which gives some account of his activities in this direction. It is probable that his appointment as Sheikh-ul-Islam will be followed by an attempt to modernise the antiquated machinery of the elaborate and complicated system of religious tribunals of which that dignitary is the head. To appreciate the importance of changes in that system one must remember that, however limited its operation has been by the introduction of lay tribunals and statutes based on European models during the last hundred years, the religious law still regulates large parts of the civil life of this country, *e.g.*, such matters as the personal status of Moslems, the tenure of Wakf property, &c. The Sheikh-ul-Islam is a kind of Lord Chancellor for the purposes of that law.

The Sheikh-ul-Islam is a Cabinet Minister, differing however from the others by the fact that, like the Grand Vizier, he is nominated direct by the Sultan. Hitherto he has rarely been a personage of the first political importance, but his position in the Cabinet would enable a man of Hairi Effendi's type to play a part. Moreover, in certain eventualities, the occupant of the post may achieve the very greatest importance, for it is the Sheikh-ul-Islam himself who signs the legal pronouncement or "fetva" in virtue of which, *e.g.*, a Sultan is deposed.

A further change which has been decided on but not yet effected is the reduction of the Ministry of Pious Foundations to a Directorate-General dependent on the

Sheikh-ul-Islam. This change, though of great domestic importance, has little interest for foreigners.

In mentioning the appointment of the Sheikh-ul-Islam to me, the Grand Vizier said that the reform of the Sheikh-ul-Islamat was urgently needed, and that Hairi Bey had been appointed in order that this might be carried out. His appointment is more significant than any of the recent nominations, of the political tendency of the Young Turkish party in the direction of transforming this country into a modern state, in which endeavour it is the opinion of some people here who are well qualified to judge, they may succeed.

I have, &c.
LOUIS MALLET.

[12929] No. 265.

Sir E. Goschen to Sir Edward Grey.—(Received March 23.)

(No. 39.)
(Telegraphic.) R. *Berlin, March 23, 1914.*

YOUR telegram No. 79 of 21st March.

Secretary of State for Foreign Affairs informs me that concession respecting Mendeli has already been agreed to on condition that it should be kept secret for the present.

As regards Smyrna–Aidin concession, Secretary of State for Foreign Affairs said that Bagdad Company will certainly refuse. After long discussion, in which I produced your views and explained difficulty of the situation, he said he would consult Deutsche Bank and see me again to-morrow.

[12926] No. 266.

Sir L. Mallet to Sir Edward Grey.—(Received March 23.)

(No. 179.)
(Telegraphic.) R. *Constantinople, March 23, 1914.*

YOUR telegram No. 150 of 19th March.

Application on behalf of Turkish Petroleum Company for a concession for production of oil in Mosul and Bagdad vilayets was made jointly to-day by my German colleague and myself. (End of R.)

In spite of a previous understanding that we should only mention Mosul and Bagdad to-day, German Ambassador said that company would apply for other concessions later on, to which Grand Vizier was at first disposed to object that we appeared to ask for monopoly for Turkey, and we could not have Syrian oilfields, which had been promised elsewhere. After some explanations he said he would give us a speedy reply.

[12272] No. 267.

Sir Edward Grey to Sir F. Bertie.

(No. 162.)
Sir, *Foreign Office, March 23, 1914.*

THE Russian Ambassador informs me that his Government think it would be desirable to offer the Turkish Government a choice of nationalities in the selection of inspectors-general for Armenia. M. Sazonof accordingly suggests that the Powers should submit to the Porte the names of Messrs. Westenenk, of the Dutch East Indian Service, and Doorman, secretary-general in the Dutch Ministry of War, together with those of Major-General Deguise, of the Belgian Army, and Lieutenant-Colonel Henri, Vice-Governor of the Belgian Congo. M. Sazonof has, I understand, satisfied himself as to the qualifications of these gentlemen for the appointment in question, and I have authorised His Majesty's Ambassador in Constantinople to join in submitting their names to the Turkish Government as soon as his colleagues are similarly instructed.

Your Excellency should inform the French Government of the above.

I am, &c.
E. GREY.

[11439] No. 268.

Foreign Office to India Office.

Sir, *Foreign Office, March 23, 1914.*

IN reply to your letter of the 13th instant on the subject of oil in the territory of the Sultan of Shehr and Mokalla, I am directed by Secretary Sir E. Grey to state, for the information of the Marquess of Crewe, that he sees no objection to an undertaking on the lines indicated in the second paragraph of your letter being obtained from the Sultan.

I am also to suggest, for Lord Crewe's consideration, that it might be expedient to obtain this undertaking at as early a date as possible and before the publication of the new treaty between His Majesty's Government and the Ottoman Government.

I am, &c.
EYRE A. CROWE.

[13117] No. 269.

Minute by Mr. Parker.

HERR VON KÜHLMANN and Herr Bergmann called to-day. The German Government, though with great hesitation, were prepared to meet His Majesty's Government with regard to a line from Mendali viâ Bedrai and Jessan to Kut-el-Amara on the Tigris, subject to three conditions:—

1. The assurance which would be given to His Majesty's Government in a note must not be divulged without the prior assent of the German Government.

2. The line must not be built before railway communication was established between Khanikin and Basra viâ Bagdad. This would probably not be very long as the Bagdad Company was entitled to guarantees.

3. The line must not be continued beyond Mendali without an agreement with the German Government.

I think these conditions are reasonable, and 3 especially so, as we only ask for the line as a feeder for the river navigation.

Herr von Kühlmann had received no instructions from his Government about Beyshehir, the other subject dealt with in Sir E. Grey's telegram No. 79 of March 21st to Berlin*: but Herr Bergmann had received a very peremptory telegram from his Bank saying that the Bagdad Railway could not agree to the meeting point of their system and the Smyrna–Aidin Railway being at the town of Beyshehir, but Herr Bergmann would do his best to get it fixed half way up the Lake.

* See No. 261.

I thereupon read to them Sir E. Grey's telegram to Sir E. Goschen, and we agreed to postpone discussion.

A. P.

March 23, 1914.

[13134] No. 270.

Prince Lichnowsky to Sir Edward Grey.—(*Received March* 24.)

(Translation.)
German Embassy, London, March 23, 1914.

Your Excellency,

UNDER instructions from my Government I have the honour to transmit to your Excellency herewith a strictly confidential memorandum setting forth the views of the Imperial Government in regard to the construction of a railway to Mendeli.

I have, &c.
LICHNOWSKY.

Enclosure in No. 270.

Memorandum.

(Translation.)
(Strictly Confidential.)

THE Imperial Government have serious hesitation regarding the extension to Mendeli of the proposed feeder-railway to the Tigris. If, however, *after the completion of the Bagdad Railway* from Khanikin to Basra, the British Government should express to the Imperial Government a wish to extend to Mendeli a railway from Kut-el-Amara to Bedrai, the Imperial Government would, in order to comply with the wishes of the British Government, refrain from opposing such an undertaking by British interests either on the ground of this line being longer than 100 kilom. or on the ground that Mendeli lies within the 60-kilom. protective zone of the Bagdad–Khanikin line. It would, however, in any case be necessary to obtain the consent of the Imperial Government for any prolongation of the railway past Mendeli.

The assent of the Imperial Government to the construction of the railway to Mendeli could be given in a note from the Imperial Embassy; this note must, however, in all circumstances remain secret, and should not be published without the consent of the Imperial Government.

London, March 23, 1914.

[13135] No. 271.

Sir L. Mallet to Sir Edward Grey.—(*Received March* 24.)

(No. 183.)
(Telegraphic.)
Constantinople, March 24, 1914.

FOLLOWING from the consul at Basra, dated 23rd March :—

"Foreign Office telegram No. 2 of 16th March.

"I am informed that Major Mohamed Zeki, son of Arif Bey, formerly Vali of Basra, arrived here recently and, after seeing Vali, left for Zobeir and Koweit last week disguised.

"His journey may have reference to rumoured expedition to Hassa.

"Troops here are being drilled regularly, and artillery exercised daily on the desert. It is rumoured that more troops will be sent from Bagdad. Ten men were sent on 14th March to Katr as relief.

"(Addressed to Embassy; repeated to Bushire.)"

[13137] No. 272.

Sir E. Goschen to Sir Edward Grey.—(*Received March* 24.)

(No. 40.)
(Telegraphic.) R.
Berlin, March 24, 1914.

MY immediately preceding telegram of 23rd March.

Secretary of State for Foreign Affairs informs me that Herr Helfferich, of the Deutsche Bank, with whom he had a conference this morning, states that the company cannot allow Lake Beyshehir to be regarded as within area to be served by the Smyrna–Aidin Railway. They consider that it is already a great concession to have allowed that railway to come as far as the north end of Lake Beyshehir. To allow it to come to the town of Beyshehir would be tantamount to giving it the whole of the traffic of the plains of Konia. Besides, it would interfere with their irrigation plans, as the lake drains out to the north of the town of Beyshehir. It might, however, be possible to arrange for common rights of navigation on the lake. Secretary of State informed me that he had telegraphed result of his conference to the German Ambassador for your information.

I again pointed out to his Excellency the reasons why you attribute such importance to these concessions, and expressed my regret that refusal of what, compared to our concessions, was a very moderate request, threatened to render so much work already done useless and perhaps to wreck the whole agreement. His Excellency said that no one would be sorrier than he if such were to be the case. He was extremely anxious that an agreement should be reached; but there it was—he had gone through with Herr Helfferich the whole of the arguments produced by the Smyrna–Aidin Company, and had told him also what I had said, but Herr Helfferich had said that even the compromise which you had suggested was too detrimental to the interests of the Anatolian Railway Company to make it possible of acceptance.

[10127] No. 273.

Sir Edward Grey to Sir R. Rodd.

(No. 74.)
(Telegraphic.)
Foreign Office, March 24, 1914.

PLEASE inform the Italian Government that the agreement initialled by Signor Nogara on 6th March has been communicated to German delegates, and they do not anticipate objections on the part of Anatolian Railway, though no final opinion can be expressed pending reference to Berlin. They think, however, that reservations may have to be made regarding article 1, section 2 (*a*).

Meanwhile Mouktar Bey has arrived here to discuss outstanding points and reach general settlement with Smyrna–Aidin Company. It is impossible to do this without communicating to him substance of Anglo-Italian Agreement, and, as he can only remain a few days, I propose to do this on 25th March.

[13300] No. 274.

Sir L. Mallet to Sir Edward Grey.—(*Received March* 25.)

(No. 188.)
(Telegraphic.) R.
Constantinople, March 25, 1914.

MY telegram No. 183 of 24th March.

Following from consular officer at Basra :—

"My telegram No. 20.

"I am informed that real name of officer mentioned is Omar Fauzi.

"Stores were sent by 'Budric' on 8th March, with thirteen soldiers and one officer. None sent 14th March.

"(Addressed to Embassy; repeated to Bushire.)"

[13295] No. 275.

Sir R. Rodd to Sir Edward Grey.—(Received March 25.)

(No. 55.)
(Telegraphic.) *Rome, March 25, 1914.*

YOUR telegram No. 74 of 24th March: Smyrna–Aidin Railway negotiations.

Have made communication as instructed. Secretary-General tells me that approval of President of the Council is only an unnecessary matter of form, and will be given to-morrow. Italian Government have resolved to sign agreement, though they hope that Signor Nogara, who will start for London on the 27th, may be able to arrange one or two small modifications of detail.

(Confidential.)

His personal opinion is that reserves indicated by German delegates regarding section 2 (*a*) of article 1 may have for motive desire expressed by Austro-Hungarian Government to obtain concession for that line, which he does not, however, believe they really mean to carry out. In any case, Italians would propose to sign agreement as it stands in that respect, and deal with issue afterwards.

[12926] No. 276.

Sir Edward Grey to Sir L. Mallet.

(No. 160.)
(Telegraphic.) R. *Foreign Office, March 25, 1914.*

YOUR telegram No. 179 of 23rd March: Turkish petroleum company.

The idea of the company is to apply for concessions outside Mosul and Bagdad provinces later on; but Mr. Greenway has made a mistake in instructing his agent to apply for a concession in Basra at once, whereas the first step is to secure a monopoly in Mosul and Bagdad.

Draft contract is being prepared, and provision will be made for payment of compensation to natives already interested in wells. The question of an advance of 500,000*l.* from company to Ottoman Government is also under consideration.

(Repeated to Berlin, No. 81.)

[12986] No. 277.

Sir Edward Grey to Hakki Pasha.

(Confidential.)

SIR E. GREY presents his compliments to Hakki Pasha, and has the honour to transmit to his Highness the accompanying copies of articles 5 A and 6 of the draft Anglo-German Convention respecting the Bagdad Railway and cognate matters. These particular articles have reference, as will be observed, to the Shatt-el-Arab.

Hakki Pasha is fully aware of the difficulties which it has been found necessary to surmount in regard to these articles, to which the German Government were at first unwilling to agree. His Highness will observe that his own suggestions, as informally conveyed from time to time to Mr. Parker, are embodied in these articles.

Sir E. Grey understands that it is the wish of the German Government to conclude a convention with the Ottoman Government in terms similar to these two articles of the draft Anglo-German Convention. He would earnestly impress upon his Highness that the articles represent the most advantageous terms which can be secured from the German Government, and he trusts that no difficulty will be raised in the settlement of this matter by the Ottoman Government.

Sir E. Grey would be glad to be furnished with the views of the Ottoman Government, if possible before the 31st March.

Foreign Office, March 25, 1914.

Enclosure in No. 277.

Draft Anglo-German Convention.

SHATT-EL-ARAB.

ARTICLE 5 A.

His Britannic Majesty's Government and the Imperial German Government will join in using their good offices with the Imperial Ottoman Government to secure that the Shatt-el-Arab shall so far as practicable be brought into and permanently kept in a satisfactory state of conservancy in order that sea-going vessels may always be assured of free and easy access to the port of Basra, and to secure, further, that the navigation on the Shatt-el-Arab shall permanently be kept open for sea-going vessels, and be carried on under conditions of absolute equality for the vessels of all nations, without regard either to the nationality of the vessels or to their cargoes.

Dues shall be imposed, not for the mere fact of navigation, but only for administrative charges of the Commission referred to in Article 7 and for repaying sums actually spent on improvements in the navigation of the Shatt-el-Arab and harbour facilities. They shall in no case exceed 1 fr. per registered ton (the dues to cover the coming in and going out of the same vessel) except by agreement between the two Governments; any dues shall be levied on a basis of absolute equality without regard to the nationality of sea-going vessels or their cargoes.

ARTICLE 6.

(*a.*) The Imperial German Government having taken note of the Anglo-Turkish Convention of the 29th July, 1913, under which the free navigation of the Shatt-el-Arab is assured on terms of absolute equality to the shipping of all nations and a commission is established for the execution of such works as may be necessary for the improvement of its channel and for its maintenance and for other like purposes set out therein, and being of opinion that the provisions of the said Convention are conducive to the best interests of international commerce, will uphold it so long as

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it is not materially altered and so long as the duties imposed upon the Commission thereunder are satisfactorily carried out.

The Imperial German Government take note in this connection of the declaration, signed on the 21st October, 1913, and attached to the said Convention, to the effect that articles 7 and 8 thereof do not affect the rights enjoyed in the Ottoman Empire by the nationals of the Treaty Powers.

(*b.*) His Britannic Majesty's Government, so far as they are concerned, agree :—

(i.) That the German consul at Basra shall have the right to correspond with the Commission on matters within its competence ;

(ii.) That, if in any case the Commission fail to meet the reasonable requirements of the commerce of the river, and refuse to remove the causes of complaint raised by the German consul, the question at issue shall be referred to an impartial expert, to be nominated by agreement between the two members of the Commission and the German consul, provided that if a similar or analogous complaint is made by any other consul, he shall participate in the said nomination ; and that, failing unanimous agreement, Her Majesty the Queen of the Netherlands shall be invited to designate the expert referee.

The Government of His Britannic Majesty will use their good offices with the Imperial Ottoman Government to ensure that effect is duly given to such recommendations as may be made by the expert referee.

To be put in the explanatory note :

The expert referee shall, unless it be otherwise agreed by the parties concerned, proceed to Basra for the purpose of his enquiry. He shall publish his report within four months after having received all the necessary materials from all the parties, including both Commissioners, or within four months of his arrival at Basra.

The expenses of the enquiry, including the remuneration of the referee, shall be borne in equal shares by the Governments concerned.

[13436] No. 278.

Ottoman Railway Company (Smyrna–Aidin).

(Compagnie des Chemins de Fer ottomans (Smyrne–Aïdin)).

MEMORANDUM.

(Communiqué à Son Altesse Hakky Pacha et à Son Excellence Moukhtar Bey, le 25 mars, 1914.)

LE Gouvernement Impérial ottoman, représenté par Son Altesse Hakky Pacha, a présenté certaines demandes à la Compagnie, comme condition de l'accord à la Compagnie des Concessions qui ont été demandées par la Compagnie.

Le détail des demandes présentées par le Gouvernement Impérial ottoman, avec les remarques faites à ce sujet par la Compagnie, est donné ci dessous :—

1. *Pourcentage fixe de Frais d'Exploitation.*

Dans le Mémorandum remis à Mr. Slaughter en date du 11 février, 1914, par Son Altesse Hakky Pacha, il était demandé à la Compagnie de fixer ses frais d'exploitation à 45 pour cent des recettes annuelles brutes.

La Compagnie a accordé à cette proposition la meilleure considération en vue de satisfaire aux désirs du Gouvernement, mais elle regrette vivement de n'être pas à même de faire droit à la demande du Gouvernement.

Ainsi qu'il est dit dans la lettre de Mr. Slaughter en date du 29 février, 1914, les frais d'exploitation de la Société ont souvent dépassé, au cours des années précédentes, le pourcentage spécifié, et il est certain que les frais d'exploitation le dépasseront encore à l'avenir.

La Compagnie est entièrement opposée à la détermination d'un pourcentage fixe quelconque. Les frais d'exploitation ont manifesté, au cours de plusieurs années précédentes, une tendance continuelle à augmenter, et cette tendance deviendra certainement plus marquée, lorsque l'accroissement proposé des droits douaniers entrera en

vigueur. Pour les mêmes motifs, la Société s'oppose à la détermination de toute formule fixe dépendant du nombre de milles couverts par les trains.

Il semble à la Société que la seule solution équitable serait que, si les frais d'exploitation au cours d'une période donnée dépassaient un certain pourcentage, 50 pour cent, par exemple, le Gouvernement aurait le droit de nommer des inspecteurs pour faire des enquêtes à ce sujet avec la Compagnie, et, si ces inspecteurs rapportaient que des mesures économiques convenables ne sont pas prises, le Gouvernement et la Société s'efforceraient d'arriver à un compromis satisfaisant ; faute d'entente, l'affaire serait soumise à un arbitre impartial, dont la décision aurait un caractère obligatoire pour les deux parties.

2. *Amortissement du Capital.*

Le Mémorandum du 13 février, 1914, semble proposer que le capital de la Compagnie soit amorti peu à peu, au moyen du fonds qui sera accumulé ainsi qu'il est dit dans le Mémorandum. Cette proposition est étrangère aux idées anglaises, car, en Angleterre, le capital-actions n'est jamais amorti par portions. La Compagnie propose donc que la proposition exposée dans le projet de Convention supplémentaire soit suivie, d'après laquelle un fonds d'amortissement est accumulé pour rembourser le capital en une somme globale à la fin de la Concession.

3. *Délai de Construction.*

Par le Mémorandum du 13 février, 1914, il est demandé à la Compagnie de fixer un délai dans lequel la construction des nouvelles lignes proposées devra être complétée, et Son Altesse Hakky Pacha a proposé verbalement qu'une proposition soit soumise par la Compagnie relativement au délai dans lequel cette construction pourra être complétée.

Sous réserve des mesures mentionnées ci-dessous, comprises dans les contrats proposés entre la Compagnie de Smyrne–Aïdin et les intéressés italiens et allemands respectivement, la Compagnie offre de compléter l'embranchement allant à Sandukly et la ligne du Lac Egherdir à un point à convenir sur le Lac Beyscheir dans un

délai de dix ans à partir de l'accord de la Concession, à la condition qu'une main-d'œuvre suffisante soit disponible pour les travaux de construction. En raison de la quantité de voies ferrées que l'on se propose de construire incessamment en Asie Mineure, la Compagnie craint que la main-d'œuvre adéquate ne soit pas disponible.

4. *Transports de Troupes.*

Dans le Mémorandum du 13 février, 1914, le Gouvernement demande à la Compagnie de substituer l'Article 26 du Cahier des Charges du Chemin de Fer de Bagdad à l'Article correspondant du Cahier des Charges existant de la Compagnie de Smyrne–Aïdin.

Si cette proposition était acceptée, les nouvelles obligations principales qui seraient imposées à la Compagnie seraient les suivantes :

(*a.*) Il ne serait imposé que le quart du prix du tarif au lieu de la moitié.

(*b.*) Le Gouvernement aurait le droit de s'approprier et d'exploiter la ligne en cas de nécessité.

La Compagnie réplique que les prix du tarif imposé par elle, à savoir, la moitié des prix usuels, n'accusent que la plus petite marge de profit, et exprime le vœu qu'on ne lui demande pas de réduire son tarif davantage.

La Compagnie désire faire remarquer, en ce qui concerne les troupes, qu'une disposition semblable à celle actuellement en vigueur dans son Cahier des Charges existant est contenue dans la Concession relative à la navigation des fleuves du Tigre et de l'Euphrate, tandis que, dans la dernière Concession il n'est fait qu'une réduction de 15 pour cent relativement au transport d'approvisionnements militaires.

La Compagnie, tout en étant disposée à réduire la proportion du tarif maximum existant qu'elle a le droit d'imposer pour le transport des troupes, ne peut pourtant consentir à aucune réduction de cette nature si elle est appelée à réduire son tarif maximum ainsi qu'il est dit immédiatement ci-dessous.

La Compagnie trouve des objections graves et insurmontables à la proposition d'après laquelle le Gouvernement aurait le droit de s'approprier et d'exploiter les lignes de la Compagnie, s'il le juge convenable, car une telle disposition inspirerait

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une vive inquiétude aux actionnaires actuels et rendrait l'acquisition de nouveaux capitaux très difficile.

5. *Réduction du Tarif maximum.*

Il est demandé à la Compagnie, par le Mémorandum du 13 février, 1914, de réduire son tarif maximum de telle sorte que le tarif maximum accordé à la Compagnie de Smyrne–Aïdin soit le même que le tarif maximum accordé à la Compagnie des Chemins de Fer d'Anatolie.

Son Altesse Hakky Pacha a fait remarquer verbalement que ci cette demande du Gouvernement était agréée par la Compagnie, elle n'entraînerait pour la Compagnie le sacrifice d'aucun de ses droits, en raison du fait que les prix effectivement imposés par la Compagnie étaient considérablement inférieurs à ceux du tarif maximum autorisé.

La Compagnie a accordé à la proposition du Gouvernement la meilleure considération et est arrivée à la conclusion qu'il lui est tout à fait impossible de consentir à la totalité des demandes du Gouvernement.

La Société, après de grandes hésitations, est arrivée à la conclusion qu'il lui est possible, à la condition que ses demandes sur d'autres points soient pleinement agréées par le Gouvernement, de consentir à ce que son tarif maximum pour les voyageurs soit réduit, pour s'accorder avec le tarif maximum du Chemin de Fer d'Anatolie.

Aucune réduction de ce genre n'est cependant possible dans le cas de service des marchandises. Le tarif maximum pour marchandises accordé au Chemin de Fer d'Anatolie est d'environ un tiers du tarif maximum accordé à la Compagnie de Smyrne–Aïdin, et la Compagnie de Smyrne–Aïdin est informée par son Directeur général qu'il lui serait tout à fait impossible de transporter des marchandises profitablement s'il lui était seulement permis d'imposer les prix maximums accordés au Chemin de Fer d'Anatolie.

La Compagnie désire faire remarquer qu'en fait les prix effectivement imposés pour les marchandisesau temps en cours sont considérablement inférieurs à ceux du tarif maximum accordé à la Compagnie, mais sont encore supérieurs aux prix maximums accordés au Chemin de Fer d'Anatolie.

La Compagnie désire également faire ressortir le fait qu'il ne peut être établi de comparaison

équitable entre le Chemin de Fer d'Anatolie et le Chemin de Fer de la Compagnie de Smyrne–Aïdin, car le premier, en outre des nombreux autres avantages qu'il possède, est garantie sur toute sa longueur.

En plus de ce fait, la longueur moyenne du transport sur le Chemin de Fer d'Anatolie est beaucoup plus grande que la longueur moyenne de transport sur le Chemin de Fer de la Compagnie de Smyrne–Aïdin, permettant ainsi à la première Compagnie d'imposer des prix plus réduits, et d'obtenir encore un bénéfice. En plus de cette garantie, cependant, le Chemin de Fer d'Anatolie jouit du droit d'importer son combustible et la totalité de son matériel roulant, de ses approvisionnements et matériaux pour l'exploitation et la réparation de ses gares, &c., sans aucuns droits d'importation, tandis que la Compagnie de Smyrne–Aïdin, une fois la construction de la ligne terminée, devra payer les droits d'importation sur tout ce qu'elle importera. La charge de la Compagnie de Smyrne–Aïdin sera naturellement augmentée lorsque les droits d'importation seront augmentés.

6. *Modification des Ponts, Quais, &c.*

Dans le Mémorandum présenté par Son Altesse Hakky Pacha à Mr. Slaughter le 13 mars, 1914, au Claridge's Hotel, il était demandé que les tunnels, quais, ponts et matériel roulant de la Compagnie de Smyrne–Aïdin soient modifiés, afin de permettre au matériel roulant de la Compagnie de circuler sur les autres chemins de fer de la Turquie d'Asie, et *vice versâ*.

La Compagnie de Smyrne–Aïdin désire faire remarquer que la proposition contenue dans le Mémorandum est tout à fait nouvelle, et son Directeur général n'est pas à même de s'en occuper, car il ne possède pas les renseignements nécessaires dans ce pays.

La Compagnie ne peut même pas faire une évaluation approchée des frais qui seraient entraînés, car il n'a jamais été fait d'étude de la question, et que chaque tunnel, pont ou quai devra être considéré séparément.

Une chose reste claire, cependant, c'est que, quelle que soit la dépense que pourra entraîner cette proposition—et elle sera sûrement lourde—cette dépense sera absolument improductive pour la Compagnie.

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Si, pour des motifs militaires, il est essentiel que les modifications soient effectuées, la Société est disposée à examiner cette question à la condition que le Gouvernement ottoman fournisse l'argent nécessaire, ou qu'une garantie convenable des intérêts sur les capitaux engagés soit assurée. La Compagnie ne peut accepter la nouvelle proposition sous quelque autre condition que ce soit.

7. *Nouvelle Ligne jusqu'à Marmarice.*

Dans le Mémorandum du 13 février, 1914, le Gouvernement demande à la Compagnie de construire une nouvelle ligne de Aïdin à Marmarice, viâ Moughla.

Mr. Slaughter, dans sa lettre du 19 février, 1914, a informé Son Altesse Hakky Pacha que la Compagnie était disposée à considérer la proposition du Gouvernement, à la condition qu'une garantie adéquate soit assurée.

Depuis que la lettre du 19 février, 1914, a été écrite, la Compagnie a été en pourparlers avec Signor Nogara, représentant un Syndicat italien, et un Contrat provisoire a été passé, d'après lequel, si la demande du Gouvernement ottoman est retirée, la Compagnie Smyrne–Aïdin ne s'opposera pas à l'accord d'une Concession à Signor Nogara pour la construction d'une ligne entre Makri et Moughla. Si le Gouvernement ottoman est très désireux que la Compagnie le fasse, celle-ci considérera la construction d'une ligne d'Aïdin à Tohina, sans garantie, mais aucun prolongement ultérieur de cette ligne pour se relier aux Chemins da Fer italiens ne pourra être considéré par la Compagnie, à moins qu'une ample garantie ne soit assurée, tant à l'égard de l'extension que de la ligne d'Aïdin à Tohina.

8. *Ligne jusqu'à Adalia.*

Dans le Mémorandum du 13 février, 1914, le Gouvernement ottoman demande à la Compagnie de construire une ligne de Baladiz à Adalia dans un délai de quatre ans.

Aux termes du Contrat provisoire passé avec Signor Nogara, la Compagnie de Smyrne–Aïdin a convenue que, si cette demande du Gouvernement ottoman est retirée, la Compagnie de Smyrne–Aïdin sera disposé à construire une ligne de Baladiz à Kizilkaïa si Signor Nogara obtient, et

quand il obtiendra, une Concession pour la construction d'une ligne d'Adalia à Kizilkaïa. La Compagnie ne peut cependant considérer aucune proposition de cette nature, entraînant un reliement entre sa propre ligne et le port d'Adalia, sans une garantie du Gouvernement ottoman, car la Compagnie de Smyrne–Aïdin subirait des pertes très sérieuses du fait de la diversion du trafic vers le port d'Adalia, trafic qui, autrement, irait à Smyrne. Une telle garantie, pour être satisfaisante pour la Compagnie, devrait porter sur :

(*a.*) La ligne principale existante de la Compagnie depuis un point immédiatement à l'est de la gare de Karakouyou jusqu'à la ville d'Egherdir.

(*b.*) La ligne proposée de la Compagnie depuis un point sur le Lac Egherdir jusqu'à un point à convenir sur la rive du Lac Beyscheir.

(*c.*) La ligne qui sera construite par la Compagnie depuis Baladiz, vers le sud, jusqu'à un point sur la ligne qui sera construite par Signor Nogara près de Kizilkaïa.

(*d.*) Jonction avec le Chemin de Fer de Bagdad.

La Compagnie de Smyrne–Aïdin a fait au Gouvernement ottoman la demande d'une Concession pour la construction et l'exploitation d'un embranchement de Karakouyou à Sandukly.

La Compagnie de Smyrne–Aïdin a fait au Gouvernement ottoman une proposition d'essai en vue d'une option, s'étendant sur un grand nombre d'années, pour effectuer une jonction, à Afiun Karahissar, avec le Chemin de Fer d'Anatolie, si la Compagnie de Smyrne–Aïdin le désire ultérieurement.

D'après les Mémorandums des 13 février et 13 mars, 1914, la Compagnie suppose que, pour des motifs militaires, le Gouvernement désirera insister sur l'établissement d'une jonction à Afiun Karahissar, bien qu'aucune demande n'ait encore été faite par le Gouvernement à cet effet.

La Compagnie préférerait, dans les conditions existantes, que la ligne s'arrêtât à Sandukly, car elle s'assurerait de ce fait la totalité du trafic de Sandukly, mais si le Gouvernement ottoman insistait sur l'établissement d'une jonction, la

Compagnie serait disposée à faire droit à une telle demande si les conditions ci-dessous étaient remplies :

(*a.*) Si une garantie adéquate et convenablement assurée était donnée à la Compagnie de Smyrne–Aïdin, portant sur la dépense de capitaux engagés dans la construction de la ligne de Karakouyou à Afiun Karahissar.

(*b.*) Si une garantie similaire était donnée à l'égard de la ligne existante de la Compagnie de Smyrne–Aïdin entre Beudjeli et Karakouyou, pour indemniser la Compagnie de Smyrne–Aïdin de la perte d'environ la moitié du trafic de Sandukly, qui, dans ce cas, devrait être partagé avec le Chemin de Fer d'Anatolie, faisant diverger ainsi une grande quantité de trafic de la ligne principale de la Compagnie.

(*c.*) Si un contrat portant sur le tarif était conclu entre la Compagnie de Smyrne–Aïdin et le Chemin de Fer d'Anatolie, assurant des tarifs égaux pour les ports de mer et des facilités égales pour le trafic.

La Compagnie de Smyrne–Aïdin a également fait au Gouvernement ottoman la demande d'une Concession pour la construction d'une ligne depuis le Lac Egherdir jusqu'à un point situé sur la rive du Lac Beyscheir, mais au moment où la demande a été faite, il n'était question d'aucune jonction avec le Chemin de Fer de Bagdad.

La Compagnie de Smyrne–Aïdin croit comprendre que le Chemin de Fer de Bagdad est disposé à construire un chemin de fer depuis un point situé sur sa ligne principale au sud-est de Konia, viâ la vallée de Tscharbambe, pour se raccorder au chemin de fer de la Compagnie.

La Compagnie de Smyrne–Aïdin est disposée à ce qu'une jonction soit faite avec le Chemin de Fer de Bagdad, à la condition qu'une garantie adéquate et convenablement assurée soit obtenue du Gouvernement ottoman à l'égard de la totalité de la ligne depuis le Lac Egherdir jusqu'au Chemin de Fer de Bagdad, qui aurait une longueur d'environ 250 kilom., et dont la moitié serait construite par la Compagnie de Smyrne–Aïdin, et l'autre moitié par le Chemin de Fer de Bagdad.

La Compagnie de Smyrne–Aïdin croit comprendre que le Chemin de Fer d'Anatolie et le Chemin de Fer de Bagdad ne s'opposent pas à ce qu'une jonction soit établie avec le Chemin de Fer de la Compagnie de Smyrne–Aïdin à l'un quelconque des endroits nommés ou aux deux, à la condition que la contre-garantie existante à l'égard de la ligne entre Eskischeir et Konia soit abandonnée par le Gouvernement.

Le 25 mars, 1914.

[13443] No. 279.

Sir L. Mallet to Sir Edward Grey.—(*Received March 26.*)

(No. 190. Confidential.)
(Telegraphic.) *Constantinople, March 26, 1914.*

MESOPOTAMIAN irrigation.

Minister of the Interior has told me in confidence that German Ambassador is demanding participation in adjudication for Mesopotamian irrigation. I reminded his Excellency of our claims and of declaration, which he admitted. I have since seen his Excellency again and repeated my representations. I also told Eady, and further confidential enquiries have elicited information that a definite scheme has been put forward by Germans.

I think there is reason to suppose that Germans are determined to take up the question of irrigation in Mesopotamia seriously and that they will find the money. I would draw attention to extract from "Das Neue Deutschland" mentioned in the "Near East" of 20th March in connection with Mesopotamian irrigation. The time seems therefore to have come when we should make up our minds on this question. Article 5 of draft declaration of 17th February in your despatch No. 85 only covers section already tendered for—a portion only of whole irrigation scheme.

If it is desired to retain our position in Mesopotamia, which will be considerably altered by Bagdad Railway, it would seem necessary to consider without delay best means of securing that whole work of irrigation shall remain in British hands. Unless, however, some financial scheme is evolved we shall not be able to keep others out. If financial assistance could be found we might possibly be able to induce the Turkish Government to continue present system of construction by working *en régie*, and British firms would then act as Government contractors. Adjudication and consequent difficulties with other Powers would thus be avoided. This system would offer advantage to Turkish Government of a definite fixed arrangement for finance and works. But, Turkish Government not being in a financial position to find the money, it would have to be forthcoming from British sources. There need, I think, be no insuperable difficulties about this, as guarantees might be found in revenue created by irrigation works and from new monopolies. It is questionable whether National Bank, with foreign element to be introduced in its new formation, would be prepared to assist or even be a desirable factor in furtherance of British undertakings of this nature, but I should think Jacksons would be able to suggest some means of obtaining necessary financial assistance in London.

[13268] No. 280.

Sir Edward Grey to Sir L. Mallet.

(No. 162.)
(Telegraphic.) *Foreign Office, March 26, 1914.*

MY despatch No. 85, Enclosure 5.

Sir John Jackson's Constantinople agent reports that Germans are demanding, through Talaat Bey, a right to tender for "the further irrigation works" in Mesopotamia.

This is rather vague; but it might be well if your Excellency were to communicate

to Talaat Bey a copy of articles 5 and 6 of the draft agreement already settled with Hakki Pasha, and to express my confident hope that Ottoman Government will not prejudice those articles by any agreement with the Germans.

Please also urge the Ottoman Government to agree to early signature of whole of agreement respecting monopolies, &c. Hakki Pasha is still without final instructions regarding pecuniary claims.

As to oil monopoly, we at first suggested that oil fuel should be excluded; Hakki Pasha says that his Government is unwilling to agree to this, but would agree to exclude oil fuel destined for industrial or transport purposes. I have consulted oil experts, and am informed that it would be impracticable to differentiate in this manner, and that it would really be in the interests of the Ottoman Government to exclude oil fuel altogether.

[13135] No. 281.

Sir Edward Grey to Sir L. Mallet.

(No. 164.)
(Telegraphic.) R. *Foreign Office, March* 26, 1914.

YOUR telegram No. 183 of 24th March: Bin Saud.

Your Excellency is aware of recent discussions with Hakki Pasha regarding Bin Saud. I leave it to your Excellency's discretion whether to express to Ottoman Government the hope that they will not precipitate any military operations against him without first allowing His Majesty's Government to use their good offices in order to promote a settlement satisfactory to both parties. We wish not to secure any political advantage against Turkey, but merely to prevent disturbances and bloodshed, which would be likely to affect seriously the security of the coast districts, where we have special rights, and which could in all probability be easily averted by judicious and unofficial mediation. If Turkey takes forcible action against Bin Saud there will be widespread unrest throughout Eastern Arabia.

We learn that armed motor-launches have been shipped to Basra by Thornycroft for Ottoman Government.

[13137] No. 282.

Sir Edward Grey to Sir E. Goschen.

(No. 83.)
(Telegraphic.) R. *Foreign Office, March* 26, 1914.

YOUR telegram No. 40 of 24th March: Smyrna–Aidin Railway.

You should express to German Government the great regret which their failure to meet our wishes causes me. It was originally claimed by Smyrna–Aidin Company that Lake Beyshehir was within their legitimate area, though they did not claim a monopoly of navigation on the lake, as Herr Helferich seems to have supposed even as late as this week.

I cannot agree to confirm the concessions I have offered to the Bagdad Railway against direct competition over their entire system if that company maintains its present attitude, and I have to request your Excellency to make a categorical statement to this effect to the German Government. You should add that I am forced to this step with the greatest reluctance, and you should add that when the Smyrna–Aidin Company originally asked to come as far as Lake Beyshehir, and to have navigation rights on the lake, they did not anticipate that the Bagdad Railway would build a line as far as Beyshehir town, but that such a line would not go beyond Lake Seidisheir.

As a compromise, I am prepared to urge upon the Smyrna–Aidin Company that the meeting point should be half-way down the lake.

I shall be much gratified if this point is conceded; it would be the utmost I could hope to induce the company to agree to; it appears an equitable compromise, and it will afford another opportunity for Anglo-German co-operation in Turkey.

[13137] No. 283.

Sir Edward Grey to Sir E. Goschen.

(No. 85.)
(Telegraphic.) R. *Foreign Office, March* 26, 1914.

MY telegram No. 83 of 26th March: Smyrna–Aidin Railway.

Agreement initialled to-day *ad referendum* by Smyrna–Aidin Company and Herr Bergmann providing that Germans shall build line to Beyshehir Town and Aidin Company as far as north or north-west shore of Lake Beyshehir, and that if eventually a junction is made it shall be at Munafer, which is midway down the lake on the eastern shore.

You should urge strongly that this agreement should be confirmed.

[13519] No. 284.

Aide-mémoire.

1. LA Société de Smyrne–Aïdin construira une ligne partant d'un point sur le lac d'Eghirdir à un point sur la rive nord ou nord-ouest du lac Beyshehir, ne dépassant pas la hauteur de Kazak Adasy. Cette ligne sera construite sans garantie kilométrique, et formera partie du réseau entier de ladite Société.

2. Le groupe qui s'est chargé des travaux d'irrigation de la plaine de Konia construira une ligne à voie étroite d'intérêt local qui sera établie autant que pourra se faire sur les banquettes d'endiguement d'irrigation de façon à lier la station de Tchoumra sur la ligne de Bagdad à la ville de Beyshehir sur le lac. Ledit groupe offrira au Gouvernement Impérial Ottoman une combinaison financière permettant de réaliser cette ligne sur un système conforme à celui des travaux d'irrigation. Quand le Gouvernement Impérial Ottoman aura pris possession des travaux d'irrigation, l'exploitation de cette ligne sera remise à la Société de Bagdad, et une convention spéciale sera conclue à cet effet entre le Gouvernement Impérial Ottoman et ladite Société.

3. Le Gouvernement Impérial Ottoman se réserve de s'entendre avec la Société de Bagdad et de Smyrne–Aïdin pour une jonction éventuelle des deux lignes mentionnées aux aliénas 1 et 2 à l'est du lac de Beyshehir. Cette jonction s'effectuera à Munafer. (Provisoirement l'assentiment allemand à cet article reste réservé.)

4. La Société de Smyrne–Aïdin, aussi bien que celle de Bagdad, aura l'autorisation de naviguer sur le lac de Beyshehir. Cette navigation sera effectuée sans monopole ou droit exclusif, et les deux Sociétés concluront un arrangement pour établir leurs tarifs effectifs sur des bases uniformes, et sur les autres objets d'intérêt commun. Ledit arrangement devra, avant d'entrer en vigueur, être soumis à l'approbation du Gouvernement Impérial Ottoman.

Parafée, *ad referendum*,
Londres, le 26 mars, 1914.

Pour le Gouvernement Impérial Ottoman,
I. H[AKKI].

Pour le Gouvernement Impérial Allemand,
R. VON K[ÜHLMANN].

Pour le Gouvernement de Sa Majesté Britannique,
A. P[ARKER].

Pour la Société du Chemin de Fer de Bagdad,
C. B[ERGMANN].

Pour la Société du Chemin de Fer Smyrne–Aïdin,
R[ATHMORE].

[13592] No. 285.

Sir L. Mallet to Sir Edward Grey.—(Received March 27.)

(No. 192.)
(Telegraphic.) R. *Constantinople, March 27, 1914.*

YOUR despatch No. 140.

Minister of the Interior states that his most recent information is that there is no longer any trouble on the frontier. He said he would enquire further, and begged me to do likewise. He now seems anxious to avoid joint investigation.

Is it still considered advisable by Aden authorities?

[13604] No. 286.

Sir L. Mallet to Sir Edward Grey.—(Received March 27.)

(No. 193.)
(Telegraphic.) *Constantinople, March 27, 1914.*

FOLLOWING sent to His Majesty's representative at Basra, No. 20:—

"Your telegram No. 20.

"My information hardly points to immediate military operations against Ibn Saud. Minister of the Interior told me in confidence on 24th March that he was working for a friendly settlement, with assistance of Sheikh of Mohammerah and Sheikh of Koweit, and of Seyyid Talib. He said that Government had come to terms with Arabs.

"Telegraph if you have any confirmation of this.

"(Sent to Foreign Office.)"

[13605] No. 287.

Sir L. Mallet to Sir Edward Grey.—(Received March 27.)

(No. 194.)
(Telegraphic.) *Constantinople, March 27, 1914.*

YOUR telegram No. 164 of 26th March: Bin Saud.

See my telegram No. 20 to His Majesty's consul at Basra, which resumes conversations with Talaat Bey reported in my despatch No. 205.

On receiving reply from His Majesty's consul at Basra, I will consider whether I could prudently say anything more; but my telegram No. 191 of 27th March will show that care seems required in regard to Arab question generally.

London negotiations, coinciding with concerted Arab movement reported in my despatches and by Lord Kitchener, are undoubtedly calculated to raise suspicion here against His Majesty's Government. If we press our mediation it will have appearance to Turks of attempt to violate agreement of 29th June recognising Nejd as entirely Ottoman. In this connection I do not quite understand on what grounds we can justify our objection to fourth condition mentioned in memorandum to Hakki Pasha of 9th March.

In spite of obvious inconvenience and possible danger, there is something to be said in present circumstances for allowing Turks to recover control of El Hassar in their own way.

[13606] No. 288.

Sir L. Mallet to Sir Edward Grey.—(Received March 27.)

(No. 195.)
(Telegraphic.) *Constantinople, March 27, 1914.*

YOUR telegram No. 162 of 26th March

Having already taken action with Talaat Bey, I propose to delay further representations until my telegram No. 190 of 26th March is considered.

If you think anything of my suggestion, article 6 of declaration would have to be changed.

[13577] No. 289.

Sir R. Rodd to Sir Edward Grey.—(Received March 27.)

(No. 56.)
(Telegraphic.) *Rome, March 27, 1914.*

MY immediately preceding telegram of 25th March.

Nogara leaves for London to-night with instructions to sign agreement with Smyrna Railway Company subject to one or two "unessential" modifications, which it is hoped that company will accept.

Italian Ambassador will be instructed to speak to you confidentially about Austrian ambition to obtain railway concession referred to. Italian Government propose to sign agreement without reference to this.

[13599] No. 290.

Sir R. Rodd to Sir Edward Grey.—(Received March 27.)

(No. 57.)
(Telegraphic.) *Rome, March 27, 1914.*

YOUR telegram No. 76 of 25th March.

There has been no sale of Dolman estate at Marmarice to Italians, but Nogara has obtained option for exploitation of wood and minerals on the estates.

Motive for obtaining this option was that information was received here that Austrians were negotiating with the Khedive with the same object. Austrian officer engaged has apparently been retained to represent Khedive with a small interest in the option.

(Repeated to Constantinople; figures by post to Cairo.)

[13443] No. 291.

Sir Edward Grey to Sir L. Mallet.

(No. 166.)
(Telegraphic.) *Foreign Office, March 27, 1914.*

YOUR telegram No. 190 of 26th March: Mesopotamian irrigation.

Article 5 of the draft declaration enclosed in my despatch No. 85 should be read as a qualification of article 6, which lays down the general principle that all irrigation work shall be put up to open tender, and that the most advantageous offer shall be accepted. The whole position was most carefully considered here before the articles were drafted, and it would not be possible for us to go further in this agreement without exposing ourselves to the charge of creating a privileged and monopolistic position in favour of British firms, against which, in anticipation, the Germans have already protested.

It is important, as a first step, that the Turks should agree to both articles 5 and 6, and your Excellency should use every effort to induce them to do so; when this has been secured, we can take further steps to obtain concessions over and above those specified in article 5.

Your Excellency will observe that one condition of article 5 is that the necessary financial assistance should be afforded to the Ottoman Government by the British houses concerned, and we are already in communication with Sir J. Jackson on this subject.

With regard to tenders in pursuance of article 6, Messrs. Boulton Brothers have only to-day intimated that they are anxious to interest themselves on a large scale in Turkey in concert with a purely British group in which Lloyd's Bank would take a prominent part; when their proposals are definitely formulated, possibly they may be willing to co-operate in irrigation projects, which would seem to be the best way of meeting suggestions made in your Excellency's telegram.

[13577] No. 292.

Sir Edward Grey to Sir R. Rodd.

(No. 79.)
(Telegraphic.) R. *Foreign Office, March 27, 1914.*

YOUR telegram No. 56 of to-day: Smyrna–Aidin Railway Company's negotiations.

I understand that Turkey will require substantial modifications both in Smyrna Company's conditions and in Italian projects. Moreover, we still await definite German views.

In these circumstances it could not serve any useful purpose for Smyrna Company to conclude definite agreement with M. Nogara until he has discussed the position fully with Hakki Pasha and Mouktar Bey, who are both in London and waiting to see him.

Inform Minister for Foreign Affairs.

(Repeated to Constantinople, No. 169.)

[15274] No. 293.

Agreement dated March 27, 1914.

AGREEMENT made in London on the twenty-seventh day of March 1914 BETWEEN THE RIGHT HONOURABLE JAMES LYLE BARON INCHCAPE G.C.M.G. K.C.S.I. K.C.I.E. of 9 Throgmorton Avenue London E.C. (hereinafter called "Lord Inchcape") of the first part JOHN FINNIS LYNCH of Salter's Hall Court London E.C. (hereinafter called "Mr. Lynch") of the second part and THE SOCIÉTÉ IMPÉRIALE OTTOMANE DU CHEMIN DE FER DE BAGDAD being an Ottoman Company established in Constantinople (hereinafter called "the Railway Company") of the third part WHEREAS Lord Inchcape has obtained a Concession (hereinafter called "the Concession") from the Imperial Ottoman Government for the navigation of certain waters therein described including the rivers Tigris and Euphrates and intends in due course as provided by the Concession to form an Ottoman Company (hereinafter called "the Navigation Company") to take over the same and work the said Navigation AND WHEREAS it is intended that Lord Inchcape shall be Chairman of the Board of Directors and that Mr. Lynch shall be a Director of the Navigation Company AND WHEREAS by Article 9 of a Convention dated 5th March 1903 (hereinafter called "the Bagdad Railway Convention") the Ottoman Government granted to the Railway Company certain rights during the period of the construction of its Railway for transporting on the rivers Tigris and Euphrates the building and other materials necessary for the construction and working of the line and its branches and also its officials and workmen and by an Agreement made in London on 23rd February 1914 between the Railway Company and Lord Inchcape the Railway Company has engaged to employ the Navigation Company as its sole and exclusive agents for the exercise of the said rights AND WHEREAS by Article 23 of the Bagdad Railway Convention the Railway Company has acquired the right to build ports at Bagdad and at Basra for the purposes and upon the conditions mentioned in the said Article and intends to form a separate Ottoman Company (hereinafter called "the Port Company") for the construction and exploitation of such ports NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED between and by the parties hereto as follows:—

1. Lord Inchcape and Mr. Lynch will each of them use his influence and voting power (Lord Inchcape as concessionnaire and Chairman of the Board of Directors of the Navigation Company and Mr. Lynch as a Director of the Navigation Company) to procure

(*a.*) that the Railway Company shall have the right, solely for the service of its Railway, to employ at Bagdad vessels propelled by steam or by any other motive power, but not exceeding 80 tons British register, and ferry-boats of greater tonnage.

(*b.*) that the Port Company shall have the right to employ at Bagdad vessels propelled by steam or by any other motive power, but not exceeding 80 tons British register, solely for the transport of its officials, workmen, and materials.

(*c.*) that at other places on the Tigris or Euphrates wherever, in the opinion of the Railway Company, the need may arise the Navigation Company shall undertake for a period to be agreed upon, any ferry service by vessels

propelled by any mechanical motive power required for the service of the Railway between the shore adjacent to any station on the Railway and a point on the other shore as nearly as may be opposite to the same station.

(*d.*) that for the purpose of giving effect to (*c*) the Navigation Company shall at its own cost build, maintain and work such a number of ferry vessels and of such type and size as the Railway Company may from time to time require for the service, together with the wharves, jetties, pontoons, and other appurtenances requisite for the service thereof; shall charge such rates for the carriage of passengers and their luggage and for goods as the Railway Company may from time to time prescribe; shall render to the Railway Company yearly accounts of the service debiting against the gross receipts all the working expenses (including therein 7½ per cent. for depreciation and 7½ per cent. for interest on the original cost price of the vessels, wharves, jetties, pontoons and other appurtenances). Provided that nothing herein contained shall prevent the Railway Company from establishing and working an ordinary ferry service of vessels not propelled by mechanical motive power, subject always to the provisions of the Concession.

(*e.*) that the Navigation Company shall, if so required by the Railway Company, undertake the ferry service at Bagdad referred to in (*a*) of this Clause upon equitable terms and conditions to be agreed between the two Companies.

(*f.*) that the Navigation Company shall, if so required by the Port Company, undertake the transport service at Bagdad referred to in (*b*) of this Clause upon equitable terms and conditions to be agreed between the two Companies.

2. The Railway Company engages with Lord Inchcape and Mr. Lynch that all the profit on the working of the service referred to in Clause 1 (*c*) shall be equally divided between the Railway Company and the Navigation Company, but should the accounts of any year show a deficit the amount of such deficit shall be made good to the Navigation Company by the Railway Company, also that the Railway Company shall, in respect of every ferry vessel, wharf, jetty, pontoon or other appurtenance built or constructed as aforesaid, guarantee the payment to the Navigation Company of 7½ per cent. per annum for depreciation and 7½ per cent. per annum for interest calculated in both cases on the cost price thereof for at least 12 years from the completion of any vessel, wharf, jetty, pontoon or other appurtenance. No depreciation shall be payable in respect of any particular vessel, wharf, jetty, pontoon or other appurtenance for more than 12 years, but interest shall be paid as long as the service is continued.

3. Lord Inchcape, Mr. Lynch and the Railway Company mutually engage to use their influence and voting power and to co-operate (Lord Inchcape and Mr. Lynch each in his aforesaid capacity and Mr. Lynch also as a Director of the Société des Transports Fluviaux, hereinafter called "the Transports Fluviaux") towards

(*a.*) the speedy conclusion of an agreement between all the necessary parties for the purchase by the Navigation Company from the Transports Fluviaux of all the assets and undertaking of the latter Company, the Transports Fluviaux being deemed to have meanwhile carried on its undertaking on behalf of the Navigation Company as from the date of its incorporation. The purchase price to be the amount actually paid up on the share capital of the Transports Fluviaux together with interest thereon at the rate of 5 per cent. per annum from the dates of payment up of the several instalments thereof until the 31st December 1913. If on the making up of the accounts of the Transports Fluviaux as on the 31st December, 1913, it shall be found that such Company has made a profit on its working such profit shall be the property of the Navigation Company, but if on the making up of such accounts it shall be found that there has been a loss there shall be no deduction made in respect thereof from the said purchase price. All the debts and obligations of the Transports Fluviaux in relation to the working of the Company shall be taken over by the Navigation Company, a list whereof shall be supplied to the Navigation Company.

(*b.*) the dissolution of the Transports Fluviaux as soon as the said purchase has been completed.

4. The Railway Company agrees with Lord Inchcape and Mr. Lynch that it will use its best endeavours to procure from the Ottoman Government its authority for the Railway Company to exercise the rights under Clause 23 of the Bagdad Railway Convention through a separate Ottoman Company (being the Port Company to be formed by the Railway Company) enjoying in respect of the construction and exploitation of such ports and so far as applicable thereto all the rights and privileges (including immunity or relief from taxation) accorded to the Railway Company by the Bagdad Railway Convention in respect of its undertaking, capital, workmen, servants, &c., but otherwise on the terms of Clause 23 of the Bagdad Railway Convention with such variations thereof as may be necessary.

5. The Railway Company engages with Lord Inchcape and Mr. Lynch that it will not oppose the acquisition by them or their nominees of 40 per cent. of the total share capital of the Port Company, and the right in respect thereof to subscribe for a rateable proportion of any further issues of capital of the Port Company; also that it will not oppose Lord Inchcape and Mr. Lynch or their nominees participating in the same rateable proportion in the seats on the Board of the Port Company, and in the benefit of the contracts for construction and maintenance of the said Ports.

6. Lord Inchcape and Mr. Lynch agree with the Railway Company not to oppose the acquisition by the Bagdad Railway interests of 40 per cent. of the share capital of the Navigation Company to be allotted to Turkish interests at the first allotment (*i.e.*, 20 per cent. of the whole share capital to be issued at the first allotment) and the right in respect thereof to subscribe for a rateable proportion of any further issues of capital of the Navigation Company; also not to oppose the Bagdad Railway interests participating in the same rateable proportion in the seats on the Board of the Navigation Company to be allotted to Turkish interests—*e.g.*, to the Bagdad Railway interests being represented by two Directors if the total number of Directors be ten.

March 27, 1914.

For the Railway Company,
C. BERGMANN.

Witness:
R. v. KÜHLMANN.

INCHCAPE.

Witness:
ALWYN PARKER.

JOHN F. LYNCH.

Witness:
ROBT. GLASBY.

[13828]

No. 294.

Ottoman Railway from Smyrna to Aidin.

HEADS of proposed Agreement between the Ottoman Railway from Smyrna to Aidin (hereinafter called "the 'English' Company") and the Anatolian Railway Company and the Bagdad Railway Company (hereinafter together referred to as "the 'German' Companies").

ARTICLE 1.

The "English" Company and the "German" Companies shall co-operate to procure that the Ottoman Government shall:

1. Grant to the "English" Company a Concession:—

(*a.*) For the construction of a branch line from Karakouyou to Sandukly.
(*b.*) For the construction of a line from some point on the east shore of Lake Eghirdir to a point on the north or north-west coast of Lake Beyshehir, such railway not to extend further in a southerly direction than the latitude of Kazak Adassy.

2. Grant to the group which has undertaken the irrigation of the Plain of Konia a Concession to construct a narrow gauge "local" railway laid, as far as possible, along the navigation dams, connecting the station of Tchoumra on the

Bagdad Railway to the shore of Lake Beyshehir at the Town of Beyshehir, such line to be operated by the Bagdad Railway Company.

3. Grant to the "English" Company an authorisation for the navigation of Lake Eghirdir and of Lake Beyshehir and to the "German" Companies an authorisation for the navigation of Lake Beyshehir. The terms upon which the "English" Company and the "German" Companies shall be authorised by the Ottoman Government to navigate Lake Beyshehir shall be in all respects identical.

It is understood that the authority to navigate Lake Beyshehir shall in no way interfere with any existing rights in connection with the irrigation works deriving their supply of water from Lake Beyshehir.

ARTICLE 2.

It is understood and agreed by and between the "English" Company and the "German" Companies as follows:—

1. If and whenever the "English" Company or the "German" Companies shall agree between themselves and with the Ottoman Government that it is desirable for a junction to be made between the line to be constructed by the "English" Company between the Lakes under Article 1 clause 1 (*b*) and the line to be constructed by the German group under Article 1 clause 2, that such junction shall be made at Munafer on the eastern shore of Lake Beyshehir. Failing agreement between them, neither the "English" Company nor the "German" Companies shall extend in any direction their respective lines as defined in Article 1 to any other point on Lake Beyshehir.

2. That the "English" Company and the "German" Companies will enter into an agreement which shall provide, *inter alia:*

(*a.*) That the rates charges regulations and facilities made by the "English" Company and the "German" Companies in respect of the navigation of Lake Beyshehir shall not be competitive and shall be fixed from time to time by agreement between the "English" Company and the "German" Companies.
(*b.*) That the rates charged by the "English" Company from its terminus on the north or north-west of Lake Beyshehir to seaports and the rates charged by the "German" Companies from their terminus on Lake Beyshehir to seaports shall not be competitive and shall be fixed from time to time by agreement between the "English" Company and the "German" Companies.

ARTICLE 3.

The "English" Company has agreed with the Ottoman Government that the "English" Company shall have the option for a period of ten years, from the signing of the definite Concession for the construction of the branch to Sandukly, to extend such branch to Afiun Karahissar, so as to effect a junction with the line of the "German" Companies. If the "English" Company shall not exercise its option the Ottoman Government shall be at liberty to call upon the "English" Company to effect a junction at Afiun Karahissar and, if the "English" Company shall be unwilling to do so, the Ottoman Government shall be at liberty itself to build the line and thereby effect a junction between the lines of the "English" Company and the lines of the "German" Companies. It shall be a term of the construction of such line by the Ottoman Government that it will indemnify the "English" Company against any loss or diversion of traffic that may be caused to the "English" Company by such junction being made.

The "English" Company agrees that, if a junction is made, and if the "German" Companies desire it to do so, it will co-operate with the "German" Companies in obtaining from the Ottoman Government adequate guarantees for the protection of the "German" Companies against the diversion of traffic and, so far as may be desired, for a modification or waiver of the "counter guarantee" in respect of the line of the "German" Companies between Eskishehir and Konia.

The "German" Companies agree that they will not, at any time, oppose the construction of a line by the "English" Company between Sandukly and Afiun

Karahissar and will, if the "English" Company shall desire them to do so, co-operate with the "English" Company in obtaining from the Ottoman Government adequate guarantees for the protection of the "English" Company against the diversion of traffic.

If a junction is made at any time at Afiun Karahissar the "German" Companies will enter into an Agreement with the "English" Company that the rates charged by the "English" Company and the "German" Companies to seaports shall not be competitive and shall from time to time be mutually agreed between the "English" Company and the "German" Companies, who will mutually give to one another reasonable traffic and other facilities.

ARTICLE 4.

In the event of the "English" Company and the "German" Companies being unable at any time to agree as to the rates, &c., to be charged or made by them or either of them from time to time under the terms of article 2 clause 2 and article 3 or as to the nature and extent of the traffic and other facilities to be offered under the terms of article 3 the question in dispute shall be referred to arbitration in manner hereinafter mentioned.

ARTICLE 5.

Any dispute or difference which may arise hereafter concerning the interpretation of these presents or of the formal Agreement to be entered into at an early date in pursuance of these presents or of the rights, duties, and obligations of the "English" Company and the "German" Companies in connection with the matters above mentioned shall, failing agreement, be referred to the sole decision of an Arbitrator, to be appointed by the parties to such difference. Failing agreement, Her Majesty the Queen of the Netherlands shall be invited to appoint the Arbitrator. The decision of the Arbitrator shall, notwithstanding any law or custom whatsoever to the contrary, be final and binding upon such parties.

ARTICLE 6.

It is understood that the above arrangements will be incorporated in a formal Agreement, of which the British and German Governments will be invited to take official note. The said Governments will be invited, so far as they are concerned, to undertake to uphold, individually and collectively, the agreement when concluded, and to use their best endeavours in order that the terms thereof may be punctually and faithfully complied with.

Initialled, *ad referendum*.

BGM.
F. S.

London, March 28, 1914.

[13831] No. 295.

Sir L. Mallet to Sir Edward Grey.—(*Received March* 29.)

(No. 198.)
(Telegraphic.) *Constantinople, March* 29, 1914.

MY telegram No. 194 of 27th March.

I found an opportunity last night of mentioning Ibn Saud again to Talaat Bey. He confirmed his previous information, namely, that new Governor of Basra was arranging with Sheikhs of Koweit and Mohammerah and Seyyid and Coslib for their assistance in coming to an amicable settlement with Ibn Saud.

[13871] No. 296.

Sir L. Mallet to Sir Edward Grey.—(*Received March* 30.)

(No. 193.)
Sir, *Constantinople, March* 18, 1914.

IN my despatch No. 1021 of the 20th December last I mentioned a rumour that some leading Arab chiefs contemplated holding a congress at Koweit or elsewhere with a view to bringing pressure to bear on the Turkish Government, which showed some signs of uneasiness at the attitude of the Ottoman Arab world. In paragraph 11 of his summary of events for the three months ending January 1914 the acting British consul-general at Bagdad reproduces the same rumour, with the added detail that among those to be represented at the congress were the Grand Sherif of Mecca, Ibn Saud of Nejd, Ibn Rashid Jebel Shammar, Ajeymi Sheikh of Muntefik, and Seyyid Talib of Basra. Although Colonel Erskine goes on to state that the projected conference is unlikely to be held, the report is significant in view of the dissatisfaction which prevails among Ottoman Arabs generally, and the list of names given is an indication of the possibility of the great chieftains on the Arab fringe of the Empire sinking their personal differences in order to enforce nationalist aspirations as against the Central Government, which is directed by the Committee of Union and Progress, and which they still regard as pursuing a Turkifying policy. So far there had been little sign of cohesion, the Grand Sherif having been at open enmity with Ibn Saud, for instance, and Ajeymi having been until recently an avowed enemy of Seyyid Talib's.

The Grand Sherif's attitude being of special interest in consequence of his recent application to Lord Kitchener, I enclose a memorandum which I have had prepared concerning him. As for Ibn Saud, his occupation of El Hassa last year is an eloquent demonstration both of his power and of his feelings towards the Central Government. Seyyid Talib's influence in Basra, the skill which he has displayed in consolidating it, and the relations which he maintains with Koweit and Nejib are well known to His Majesty's Government. If these leaders were to combine either in a constitutional agitation for devolution or autonomy or in an avowedly Separatist movement they could undoubtedly cause much trouble. In this connection I may refer to that part of my despatch No. 117 of the 24th February last which deals with the wider aspects of the Aziz Ali case.

It is still impossible to say what real prospect there may be of any united Arab movement. That the Central Government is on the alert is perhaps indicated by the fact that energetic military Valis on whom the committee can rely have been within the last few months appointed to Bagdad, Basra, and the Hedjaz. Ibn Saud has been negotiating terms of submission to the Government. The Grand Sherif's son, Abdullah, who is a deputy in the Turkish Parliament, has come on from Egypt to Constatinople by invitation from them, and according to accounts which I have heard he appears to be nervous as to what may await him here.

I have thought it prudent to abstain from showing any particular interest in the Arab question in my conversations with the Grand Vizier and other Ministers in view of the suspicions which it might arouse, as the Turkish Government are probably aware of the inclination of the Arabs to look to His Majesty's Government for sympathy in their movement and even for eventual protection if they are successful in achieving their independence. I have reported in my despatch No. 117 of the 24th ultimo the language which has been held to Arab officers in the Turkish army who have visited His Majesty's Embassy, and have enquired what would be the attitude of His Majesty's Government in certain eventualities. As I am disposed to see in the recent outrages at Basra, which are principally directed against British subjects, an attempt on the part of the Arabs to force the hand of His Majesty's Government in the direction of intervention, I informed Mr. Crow on the 17th ultimo that I could not recommend the despatch of a British man-of-war to the Shatt-el-Arab.

The need for caution is apparent at the present moment, when there is evidence of a concerted movement on the part of the Arabs. If these projects should mature, and if the Arabs are eventually successful in defeating the Ottoman armies, the loss of the Caliphate would probably follow, when, shorn of a further large portion of territory and of the religious leadership, Turkish rule, as it exists to-day, would presumably disappear. Europe might then be faced with the question of a partition of the Turkish Empire, which might easily produce complications of a serious nature, whilst it is difficult to estimate what might be the effects on India of a prolonged struggle for the possession of the Caliphate.

I should imagine that, in view of the great issues at stake, the present Govern-

ment would do all in their power to avoid bringing matters to a point at the present moment and that they will probably temporise with the Grand Sherif—at any rate, until they have either divided the Arabs and feel that they are in a position to face them with certainty of success.

I have, &c.
LOUIS MALLET.

Enclosure in No. 296.

Memorandum on the Position of the Grand Sherif of Mecca.

THE position of the Grand Sherif of Mecca differs considerably from that of other Arab potentates inasmuch as he is always invested with his authority by the Sultan's firman and is in close touch with the capital, where several members of his family ordinarily reside. Any given Grand Sherif might quite conceivably put himself at the head of an Arab movement, and, if he wished to do so, his alleged descent from the Prophet and membership of the Koreish tribe would doubtless be a valuable asset, but in order to gain any widespread influence he would have to start almost from the beginning, and, in the case of the present man, I think he would have to live down a past in which, while working for his own aggrandisement, he has posed very definitely as the representative of the Central Government. The following is a sketch of his recent history so far as it is known to me :—

During the last years of the old régime Sherif Hussein Pasha was a member of the Council of State here. Towards the end of 1908 he was appointed Grand Sherif in the ordinary course of succession, his predecessor, Abdillah (who seems to have been Grand Sherif without proceeding to Mecca), having died that year. He was then about fifty-six years of age. On his arrival he created a good impression, and it was hoped that he would not prove extortionate, and would restore security in the country about Mecca. In reporting his appointment to the Foreign Office Sir G. Lowther spoke favourably of him, and mentioned that some months before, at a time when there was no prospect of his becoming Grand Sherif, he had gone out of his way to express his friendship towards England. Since his appointment it cannot be said that he has done anything definite to alleviate the pecuniary burdens of the pilgrims. On the other hand, although insecurity continued to prevail on the roads in 1909, no robberies were reported to the embassy in the three following years until nearly the end of 1912, when there was a recrudescence of brigandage. Meanwhile the Grand Sherif was engaged in consolidating his own power, and his success in doing so was facilitated by the frequent changes of Valis, most of the nominees to that post having been men of little account. He and his sons took a considerable share in military operations, which, though undertaken in the name of the Government, contributed to his own aggrandisement. Thus, in 1910 he conducted an expedition against the Nejd ruler, Ibn Saud, which ended in a paper success for the Turkish Government, though the promises made by Ibn Saud were never kept, and extremely bad relations subsisted between him and the Grand Sherif throughout the following year. In 1911, again, he (the Grand Sherif) and his sons campaigned in Asir, and in July he actually succeeded in relieving Ebha, which had been besieged by the followers of Idris for many months.

By 1912 the position as reported by His Majesty's late consul was that the improved pilgrimage conditions which followed the constitution had been superseded by a renewed policy of extortion on the part of the Grand Sherif and that his authority had grown vastly while that of the Vali had sunk to nothing. When in the summer of that year three Indians were found murdered in the Medina district the consul was assured that the guilty parties were emissiaries of the Grand Sherif, who had been ordered by the Government to withdraw his son and his Bedouins from Asir, and who, so the informant said, was deliberately seeking to create disturbance in the Medina district so as to convince the Government of the necessity of bringing it also under his authority. However that may be, there was certainly a recrudescence of brigandage, as mentioned above, towards the end of 1912.

While the Grand Sherif has stood for the authority of the Turkish Government, as above described, *vis-à-vis* chiefs like Ibn Saud and Idris, he has not been well-disposed towards the Committee of Union and Progress. His own son, Sherif Abdullah, sat for Mecca in the first Parliament, and in the packed Committee Parliament of 1912 he was able to put in one son for Mecca and the other, Faizal, for Jeddah. They played no prominent part in parliamentary life here,

but it is significant that in 1911, some months before the second election, the committee clubs in Mecca and Jeddah "died a natural death." It is also interesting to note that the two best-known Sherifs resident in Constantinople, Ali Haidar and Jafer, are close allies of the committee, the former having been for a time Minister of Evkaf and being now Vice-President of the Senate, while Jafer toured Syria in the committee interest at the time of the 1912 elections. Now these brothers are reported to be bitterly hostile to the present Grand Sherif. Ali Haidar is the head of the dispossessed Motallib branch of the Shereefian family, and is said to cherish the ambition of becoming Grand Sherif himself.

Under all these circumstances it is easy to understand how anxiously Hussein Pasha must have viewed the advent of a young and possibly energetic Vali. This doubtless explains his sending Abdullah Bey to Lord Kitchener. As for the subsequent report of an amicable settlement of his differences with the Turks, it is difficult to form an opinion as to the sincerity of either side. It is conceivable that statesmen here may have thought it best not to seek for trouble, and the Grand Sherif may not think his position sufficiently menaced to make it worth his while to risk everything on open defiance of the Central Government. On the other hand, Constantinople may feel that his aggrandisement has gone too far, and the Grand Sherif may think that the existence of a rival, friendly to the Committee and already a candidate for the post, increases very considerably the danger of his position. In that case the reconciliation would be merely a form of temporising, and the Grand Sherif might still be tempted to associate himself with Arab adventures. Evidently he has no desire to precipitate matters, for his son, Abdullah, has just come from Egypt to Constantinople at the invitation of the Central Government, accompanied by the Grand Sherif's brother, Sherif Nassir, also a Senator, who, I understand, went to Egypt to fetch him. Sir W. Garstin has told your Excellency in what a nervous frame of mind the young man was as to his reception here.

[13877] No. 297.

Sir L. Mallet to Sir Edward Grey.—(Received March 30.)

(No. 199.)

Sir, *Constantinople, March 24, 1914.*

REFERRING to your despatch No. 96 of the 24th February last in connection with the murder of Captain Butterworth at Basra, I have now the honour to enclose a detailed report on the crime by His Britannic Majesty's consul there. You will observe that when he wrote that despatch Mr. Crow had no complaint to make of the attitude of the local authorities in regard to investigating the circumstances of this particular crime. On the 9th instant, however, he telegraphed that they were relaxing their efforts and seemed disposed to take it for granted, contrary to his own conviction, that the crew were solely responsible. As the Grand Vizier had, in reply to my note on the subject of the murder, written me on the 19th February to the effect that the Ministry of the Interior had ordered the local authorities to do everything in their power, I communicated to his Highness the contents of Mr. Crow's recent telegram and obtained his promise that renewed instructions would be sent to Basra.

The question of claiming compensation from the Turkish Government on behalf of the deceased's family was first brought to my notice by a telegram from Mr. Crow, dated the 11th February. I have the honour to enclose paraphrases of this and of two subsequent telegrams which have passed on the subject, and to solicit your instructions as to what course I should follow. It will be within your recollection that in the case of the murder of Mr. Glanville at Messrs. Lynch's depôt near Basra in February 1906 the Turkish Government paid at the instance of this embassy an indemnity of 500*l*. Even on that occasion the indemnity was asked for as a compassionate grant rather than claimed as of right, and under present circumstances the Porte would be very much less disposed than in 1906 to admit any definite responsibility for murders of this kind. In two more recent cases, that of Mr. Brabender (see embassy despatch No. 732 of the 28th August, 1912, and previous correspondence) and Mr. Preston (see your despatch No. 427 of the 9th September, 1912, and previous correspondence), His Majesty's Government held that the circumstances were not such as would justify a claim.

I am very reluctant to put forward claims for which there is not the strongest

justification, both on broad grounds of equity and for the special reason indicated in the last paragraph of my despatch No. 142 of the 3rd instant. On the one hand, the circumstances differ from those of the Brabender and Preston cases in the important particular that the Turkish authorities seem to have been guilty of neglect to police the river adequately.

In proof of this I need only refer to my despatch No. 946 of the 20th November last enclosing a detailed report of the attack on Messrs. Lynch's barges and the murder of their watchman in September, and my despatch No. 1032 of the 23rd December, the enclosure of which reported a fresh outrage on Messrs. Strick's lighters in November, besides a more serious attack on two Indian sailing vessels, the master of one of which was killed. All these incidents, like the murder of Captain Butterworth, occurred in the river close to Basra itself, and while on each occasion the authorities have shown some activity after the event, they have taken no effective measures to deal with the general situation. On the other hand, the Butterworth case is complicated by the fact that suspicion attaches to the deceased's own crew.

I would point out that if an indemnity be claimed on behalf of Mr. Butterworth it would seem necessary to make a similar claim on behalf of the relatives of the Indian master of the "Mejlis," one of the two sailing vessels referred to above. I therefore enclose also copy of Mr. Crow's despatch No. 1 of the 2nd January last. In this case I hoped that as the victim was a Mahommedan the Vali might be induced to recommend a charitable grant to the Central Government, and I informed Mr. Crow that if this were done I should make unofficial representations here. He replied, however, that the Vali would not communicate with the Porte as the matter was in the hands of the judicial authorities and might end in the accused being sentenced to death, in which case he did not think the Porte could be asked for compensation as well. No further action has since been taken.

I have spoken to the Grand Vizier about the Butterworth case on more than one occasion. His Highness volunteered to me that the river was not adequately policed and added that he meant to put this right. I presume that when the Commission is established patrols will be more frequent, and the fact of the presence of the Commission's police will have a good effect.

I have, &c.
LOUIS MALLET.

Enclosure 1 in No. 297.

Consul Crow to Sir L. Mallet.

(No. 1.)

Basra, January 2, 1914.

Sir,

WITH reference to my despatch No. 72 of the 23rd ultimo regarding the piratical attack on the Indian sailing vessels "Mejlis" and "Naranpasa" on the 22nd November last, I have the honour to transmit herewith copy of a letter from the solicitors of the owner of the "Mejlis" asking for compensation for the widow of the murdered captain of the "Mejlis," Kassum Alana, who is described as old and destitute, having lost her means of support.

As reported in my despatch, out of a total sum of 1,190 rupees still in my hands and received from the Vali for the losses of money and effects sustained by the two vessels, the sum of 550 rupees only (viz., date freight 200 rupees, charcoal freight 350 rupees) is due to the "Mejlis."

I enclose translations of my correspondence with the Vali in regard to the amount paid by him from which your Excellency will observe that no compensation was tendered for the loss of life. I am now asking the Vali to endeavour to obtain some redress for the widow, but I think it is unlikely that he will be able to do so without permission from Constantinople. Sir Nicholas O'Conor was successful in obtaining compensation (400*l.*, I believe) for the mother of Lynch's engineer, Mr. Glanville, who was murdered by Arabs at Maghil in 1906, and it seems possible, in view of this precedent and the activity displayed by the local authorities in the present instance, that compensation may also be obtained for the widow of the murdered captain of the "Mejlis." I should be glad to receive your Excellency's instructions in the matter both for my own guidance and also for communication to the solicitors of the owners of the "Mejlis."

The balance of 1,190 rupees received, viz., 640 rupees being due to the "Naranpasa" as below:—

	Rupees.	Rupees.
Freight	250	
Crew's money	40	
Approximate value of 3 cases of clothes, compass, 3 guns, cooking utensils, chains, telescope, and other gear ..	350	
		640

I should not feel justified in assigning this amount to the "Mejlis," more especially as we shall doubtless receive a claim for compensation for the losses incurred by the "Naranpasa" in due course.

I have, &c.
F. E. CROW.

Enclosure 2 in No. 297.

Messrs. Daphtary, Ferrera, and Divan to Consul Crow.

Sir,

Bombay, December 20, 1913.

WE have the honour, on behalf of our client, M. Ebrahim Haji Noor Mahomed of Bombay, to address you under the following circumstances:—

Our client Mr. Ebrahim Haji Noor Mahomed is the owner of a craft named "Mejlis," No. 2855, captained by one Kassum Alana, and manned with a crew of seven men.

This vessel usually plied from Karachi to Basra carrying a cargo of coal to Basra and on return journey bringing a consignment of dates to Karachi and Bombay.

On or about the 23rd November, 1913, when the said vessel was lying at anchor in the stream at Abul Khossib, a distance of about a mile from the custom-house at Basra, a pirate vessel commanded and armed by Arabs came by its side and the crew boarded our client's vessel, shot the said Captain Kassum Alana dead and robbed a sum of 550 rupees, which was then in his custody, and eventually escaped.

The crew of the "Mejlis," in fear and consternation, jumped into the sea and kept swimming at a little distance from their vessel for fear of being seized by the pirates, and, after they perceived that the pirates had deserted their vessel, returned to their vessel, only to behold the sad fate that had befallen their venerable captain, a man of 60 years old.

The owner, captain, and the crew are all British subjects. The captain leaves behind him only an old widow, who is now helpless and destitute, being deprived of the breadwinner of the family. Under the above circumstances we have the honour to request you to make such enquiries into this disastrous affair as you possibly can and to secure proper redress.

We have also to request you to indicate what more our client and the poor widow of the captain have to do towards getting redress for the murder of the captain and the piracy.

We have, &c.
DAPHTARY, FERRERA, AND DIVAN,
Solicitors, High Court.

Enclosure 3 in No. 297.

Acting Vali to Consul Crow.

(Translation.)

Basra, November 20 (*December* 3), 1913.

IN continuation of my letters of the 12th and 18th November, 1329, the affairs of the attack on Lynch's barges and on the "Mejlis" and "Naranpasa" are being prosecuted with great attention and the enquiry continues. Some of the offenders have been arrested, and their companions are being actively pursued. According to the statement of the robbers now in our hands there seems to be great discrepancy in the amount of effects and cash stolen. In order to enable me to take steps to recover the amount in full and deliver it to you I should be glad if you would ascertain the true value of the cash and effects stolen and inform me.

Enclosure 4 in No. 297.

Consul Crow to the Acting Vali.

Basra, December 10, 1913.

Sir,

IN reply to your Excellency's letter I have the honour to state that from enquiries I have made the losses of the two Indian sailing vessels are as follows:—

	Rupees.	Rupees.
"Mejlis"—		
Date freight money	200	
Charcoal freight	350	
		550
"Naranpasa"—		
Freight money	250	
Crew's money	40	
		290
Approximate value of—		
Three cases clothes, 1 compass, vessel's papers, 3 single-barrelled shot guns, 2 large cooking pots, 1 sextant, 3 chains, 1 telescope		350
Total		1,190

I should be much obliged if your Excellency would endeavour to recover this amount.

I have, &c.
F. E. CROW.

Enclosure 5 in No. 297.

Acting Vali to Consul Crow.

Basra, December 7 (20), 1913.

I HAVE received your letter of the 10th December, 1913. I have recovered the 1,190 rupees therein stated, and now send you this amount by the hand of the dragoman of the vilayet.

Enclosure 6 in No. 297.

Consul Crow to Sir L. Mallet.

(No. 10.)

Basra, February 12, 1914.

Sir,

I HAVE the honour to confirm my telegram No. 8 of the 7th instant reporting the murder of Captain John Kay Butterworth, master of the steam-ship "Raithwaite Hall," on board his ship in harbour on the night of the 6th–7th February, and enclose copy of the medical report furnished me by Dr. Borrie, honorary physician to this consulate.

The "Raithwaite Hall," owned by Messrs. Strick and Co., was built in 1868 and is a steam vessel of 444 tons register, 200 feet long and 28 feet beam. She is used by the firm for lightering ships at the bar and was in collision with the steam-ship "Lindula" of the British India Company near Abadan in a fog on the 21st November last. She has not moved out of harbour since her return to Basra, and on the 6th February was moored in the middle of the river about three-quarters of a mile above the consulate, between the house occupied by Messrs. Gray, Mackenzie's European assistants at the mouth of the Khendek Creek on the west bank and the village of Gherdilan on the east bank. The river here is about 400 yards wide. About 100 yards above her and a little to the east of her lay the steam-ship "Lotus," Messrs. Gray, Mackenzie's steam lighter, a similar craft (Captain Adey and Mr. Swenson, engineer), and about 250 yards farther on lay the steam-ship "John O. Scott," another steam lighter owned by a native (English engineer Mr. Kemp). Below the "Raithwaite Hall," but quite half a mile down-river, lay the German ship "Marcomania," which is almost opposite the consulate. The "Raithwaite Hall" was moored in her usual place with the other steam lighters in a part of the river clear of the other shipping in accordance with orders issued by the Turkish authorities. She was not isolated from the others, but it is evident that this part of the river is itself more isolated

than the lower part of the harbour where the ocean steamers and mail steamers usually anchor.

The crew of the vessel, according to the portage bill for January, consisted of eleven natives, Turkish and Persian subjects, and Captain Butterworth. The English engineer, Mr. Hunter, was dismissed for misconduct, drunkenness, after the collision and was sent home in December last, and the captain, who had been about two years in command and held a master's certificate, lived alone in a cabin leading out of the saloon in the after part of the ship on the starboard side. No watch appears to have been kept at night on the "Raithwaite Hall," but her lights were burning on the night of the 6th February. Captain Adey of the "Lotus" states that he also kept no watch on board his ship at night, and that it was his practice to leave his ladder lowered all night. Under these circumstances it is not surprising that on the night of the 5th February, the night before the attack on the "Raithwaite Hall," Mr. Swenson, who slept in the chart-room of the "Lotus" amidships, was roused at 11 P.M. by his watch-dog barking violently, and, on looking over the side of the vessel, saw a boat approach the gangway with men in it who made off on hearing the dog bark.

The crew of the "Raithwaite Hall," four only of whom slept on board in the fo'c'sle, stated that their ladder was raised at night, and the serang, who slept ashore and went on board early on Saturday morning, the 6th February, reported that the ladder was lowered to admit him on board. The ladder of the "Raithwaite Hall" is on the port side of the vessel, and between 1 A.M. and 4 A.M. on Saturday, the 7th February, when the crime must have been committed, the tide was on the flood and the ship consequently heading down-stream, which would bring her starboard side facing the west bank. Captain Butterworth's cabin was, as stated, on the starboard side and he was last seen by Captain Adey of the "Lotus" on the poop of his ship about 5 P.M. on Friday evening. He appears to have spent Friday evening on board. I found on his table the continuation of a letter to his wife, begun at 8·30 P.M. on Friday, the 6th February, the earlier pages of which were scattered from the drawer of the writing table torn open by the pirates and were lying on the floor obliterated with blood. His log was neatly written up to the evening of the 6th February and a signed copy of it carefully prepared, and his account books and memoranda were in very good order and made up to date. An entry in his crew pay sheet for February states that the carpenter was absent on the 1st February and left "shabbily," and was not employed on the 4th and 5th February. This corresponds exactly with the log entries. I had the carpenter, Mahomet, arrested yesterday. He disappeared on the 7th, but was discovered on the 11th, and is now in gaol awaiting examination. The crew had all received their wages on the 2nd February, when he drew the balance of his portage bill from Strick's office, 429·4 rupees, and the entries show that the crew had had advances in January up to 68 rupees, and the balance due to them, 314 rupees, on the 2nd February. As far as I can ascertain from his books and papers the amount of cash in his possession on the night of the 6th February was between 60 and 80 rupees, but it is conceivable that the robbers anticipated finding more, as the fact of his drawing 429 rupees from the office on the 2nd February would be generally known to natives interested in the ship. The two upper drawers of the chest of drawers in his cabin had been forced open and the writing-table drawer was broken, stained with blood, and lying under the captain's body on the floor. No cash was found during our very careful examination of his room, and his watch had been taken off the leather guard still attached to his waistcoat hanging above his bed. One white solar tope was hanging in his cabin—his cook stated he possessed another khaki-coloured one; a tope of this description was found in the house of one of the crew now under arrest, who explained that it had been brought to him by one of the crew of Aga Jafer's steamer "Salmi" on the night of the crime.

The deceased was a quiet man of moderate habits and apparently on good terms generally with his crew. There is no reason to suppose at present that they entertained any hostile feelings towards him. He spent a great deal of his time on board weaving mats and carpets and was liked by the community. He knew no Arabic or Persian. We are of opinion here that he was unable to make himself understood to the pirates, who were perhaps irritated at finding less money than they expected, and he probably recognised some of them and perhaps called them by name, whereupon they bound him and completed the rest of the work in self-defence after a violent struggle. He seems to have been attacked first on the bed and bound and then rolled on to the floor in his struggles.

The cook was the first person to discover the crime when he went to the captain's cabin early on Saturday morning. The serang was told when he came on board and

reported the matter to Mr. Darby. The latter with Dr. Borrie went on board immediately, and I joined them about 8·30 A.M. I at once communicated with the Vali, who sent off the commandant of gendarmerie with the police, judicial authorities, and a doctor, and careful examination was made. Traces of blood were found on deck from the cabin ladder to amidships on the starboard side, where they ceased. It is supposed from this that the pirates left the ship at this spot. The crew, who slept forward, said they heard nothing unusual during the night. The air-shaft of the captain's cabin was found stuffed up with a sofa cushion, which would have deadened any cries, but I hear from Mr. Darby's assistant that this cushion was placed there previously to keep off the draught. Part of an "ugal" or Arab headdress was found in the cabin. The lamp was lying broken on the floor, which was strewn with papers and broken china, and there were many indications of a violent struggle.

Eight members of the crew out of a possible eleven have now been arrested, and the police are actively searching for others. The funeral took place on Sunday, the 8th February, and most of the European community were present, the Vali being represented by his dragoman. I called on his Excellency immediately afterwards and fully explained the circumstances of the case and the result of my personal enquiries, and arranged with him as regards further investigation and police proceedings. He displayed proper activity, and the judicial enquiry is proceeding daily in the presence of my dragoman, whom I have sent to Basra for the purpose. The Vali is convinced that so daring a crime could not have been committed without some collusion on the part of the crew of the vessel. Both I and my staff are making every possible effort to throw light on the affair and to assist the police in their investigation, and the Vali and judicial authorities and police show no lack of zeal in the steps they are taking to discover the offenders.

As will be seen from the margin of this despatch,* the position of the vessel, though not unduly isolated, exposed it to attack from the shore. A tall man could board her from a boat without the help of a ladder, and the Arabs climb like cats. The part of the river above the Khendek Creek where these steam lighters were moored in accordance with the orders of the Turkish authorities is perhaps more isolated and more exposed to attack from outside than the more frequented part of the harbour from the mouth of the Ashar Creek down to the quarantine office. The reason for mooring the lighters up-river is to make space for the larger shipping. But since my residence here I have known these piratical attacks occur in every part of the river and harbour on both sides of the consulate and even in front of it, the bullets coming directly over the roof when the Austrian ship "Urano," lying off the consulate, was attacked in 1903, so I really cannot say that one part is more exposed than another. The river patrol, in regard to which I am constantly making representations to the authorities, is, as already pointed out recently in my despatch No. 56 of the 12th October, 1913, as defective as ever, and I have nothing to add to my remarks on the subject in the latter part of that despatch. I would merely again refer your Excellency to what I said then and repeat my very serious warning.

As reported in my telegram No. 9 of the 11th February, Messrs. Strick of London have telegraphed asking me to put in a claim for heavy compensation on behalf of the widow, who is left with four young children aged from 2 to 14 years. They suggest 4,000*l.*, based on the deceased's salary, which was 200*l.* per annum and local allowance amounting to about 48*l.* It is hoped that heavy compensation may be obtained, as the family were entirely dependent on the deceased and are left quite unprovided for except for the sum of 64*l.* deposited in the Indian Post Office savings bank here. I have informed Messrs. Strick's agent that I am asking your Excellency's advice and support before putting forward such a claim locally. In view of the frequency of these piratical attacks in the river, your Excellency may perhaps be disposed to support the claim, as it might have a good effect and would probably rouse the Turkish Government to a sense of its obligation to take greater precautions for preserving public security than before. I have drawn their attention to the matter for the past eleven years, but I see no improvement—rather the reverse.

I have, &c.
F. E. CROW.

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* Sketch not reproduced.

Enclosure 7 in No. 297.

Dr. Borrie's Report on the Murder of Captain Butterworth of the steamship "Raithwaite Hall" on Friday night–Saturday morning, February 6–7 (probably about 3 A.M. on Saturday morning).

CAPTAIN BUTTERWORTH was on the floor, lying on right side, left leg drawn up. Head wrapped in his blanket, body crushed against bed-clothes. Hands bathed in blood. Blood all over pyjamas. Hands tied together by a double knot on right hand, single knot on left hand. Post-mortem lividity had set in on right side (side on which he was lying). Body warm on chest (8·30 A.M. Saturday). The chest lying pressed against the blankets. Post-mortem rigidity had set in. Left leg slightly flexed at knee and hip and quite stiff. Right arm extended from shoulder, left arm semi-flexed at elbow. Wrists knotted together by a small rope 3 inches distance between the hands. Rope tied tight enough to indent skin. A deep cut starting 1 inch in front of right ear, severing a small portion of the lower part of right ear and extending round the neck to middle of the back of the neck. Immediately below termination of cut there is another cut extending down neck 3 inches long. From termination of first cut are two cuts extending to below left ear, one 1 inch long and the second 3 inches long. These are separated only by a small portion of skin. Several gashes on face and one in front of neck, but these would not be fatal.

Room was found as follows:—

Pile of papers, some china, and a broken lamp on floor of cabin. One drawer of chest of drawers and drawer of table near door open. Large pool of blood on the pillow and on the bed. Blood-stains like hand-marks on the walls next the head of the bed. Body huddled up on the floor. All bed-clothes in a heap next the abdomen, his head wrapped in a blanket, and pools of blood on the floor.

D. F. BORRIE,
Honorary Physician to His Majesty's Consulate, Basra.

Further examination showed that there was also a deep wound in the buttock caused by a dagger or pointed weapon and several inches deep. There were several cross cuts in the same place. All the wounds seem to have been inflicted by a dagger or double-edged weapon with a broad blade and not an ordinary knife.

F. E. CROW, *His Majesty's Consul.*

British Consulate, February 7, 1914.

Enclosure 8 in No. 297.

Consul Crow to Sir L. Mallet.

(No. 9.)
(Telegraphic.) P. *Basra, February 11*, 1914.

BUTTERWORTH case.

I am led to suppose by evidence that object of crime was robbery, and I will send full particulars by next mail. In the meantime I am doing all that is possible here in conjunction with local authorities.

Captain left about 64*l.* in the India Post Office Savings Bank, and his salary was paid to his wife in England (200*l.* per annum). She and her four young children are left quite unprovided for, and Messrs. Strick of London have therefore telegraphed here asking for heavy compensation on her behalf. The sum they suggest is 4,000*l.* Do you wish me to submit this claim to Vali first, or can the Foreign Office forward it to the Porte direct through embassy?

Enclosure 9 in No. 297.

Sir L. Mallet to Consul Crow.

(Telegraphic.) P. *Constantinople, February 22*, 1914.

BUTTERWORTH case.

Decision must rest with His Majesty's Government, and I cannot advise them to advance claim referred to in your telegram of the 11th February unless authorities can be proved directly responsible and culpably negligent.

Under the most favourable circumstances it is difficult to get Porte to admit such claims, and it would be difficult to prove Government responsible, should the possibility exist that the captain had been murdered by his crew.

If in your view Turkish Government's responsibility can be made to form ground for claim for compensation, please telegraph full statement of your reasons.

Enclosure 10 in No. 297.

Consul Crow to Sir L. Mallet.

(No. 11.)
(Telegraphic.) P. *Basra, February* 24, 1914.

AS to responsibility of Turkish Government (see your telegram of the 22nd February), it might be argued that no foreign Powers are allowed to exercise control over rivers and coasting trade harbours of empire, and that Turkish Government therefore assume responsibility for their safeguarding; that the motor-launches for patrol lie idle off the commodore's house and are never used for that purpose; that no proper steps are taken to check increasing piracy, no use being made of the military and naval forces at the disposal of the Turkish Government for the maintenance of order on the river, and this in spite of repeated representations, and police patrol remaining ineffectual and irregular. We are led to suppose by evidence that attack on Captain Butterworth came from outside and that this is a case of piracy, responsibility for which can be thrown on Turkish Government, constituting as it does evidence of grave dereliction of duty on their part.

I was informed by His Majesty's Ambassador, with reference to my protest on the subject, that we should some day have to maintain order on the river ourselves should the Turks fail to do so.

While it might be urged by the Turkish Government that the captain was guilty of contributory negligence in omitting to keep watch on board by night, it is manifest that the steam lighters had been given a place by the order of the Vali, officially communicated through me, which isolated them from the rest of the shipping and exposed them to great risk, and that no action was taken by him to protect them.

I would also refer your Excellency to the case of vessels anchored against custom-house of Abul Khang, to which same arguments apply *mutatis mutandis*. In spite of frequent attacks at the same spot and many reminders, no precautionary steps were taken. I have reason to suppose amount claimed was paid by Sheikh of Mohammerah, for Vali was careful to state that he had recovered it when he paid me compensation for losses.

[13883] No. 298.

Sir L. Mallet to Sir Edward Grey.—(*Received March* 30.)

(No. 205. Very Confidential.)
Sir, *Constantinople, March* 25, 1914.

WITH reference to my despatch No. 193 of the 18th March, I had an opportunity last night of speaking to Talaat Bey about the situation at Basra, and I mentioned the Butterworth case and told him that an attempt had been made quite recently to rob the house of His Majesty's consul.

Talaat Bey was much concerned and said that he would do all he could to improve the policing of the town, and that want of money had alone prevented them from doing this sooner. After the loan had been granted, they would set to work.

In view of these circumstances and of the extreme financial pressure, I am not inclined to advance a claim for compensation for the Butterworth murder unless you instruct me to do so.

As Talaat Bey seemed to be in a very friendly mood, I thought that there would be no harm in referring to the Arab question, and I enquired what was now the disposition of Sayid Talib. He replied that Talib was now on good terms with the Government, and that Sheikh Khazal and Sheikh Mubarak were also friendly and would help them to settle matters with Ibn Saud.

I said that I presumed that in those circumstances the Government had come to a satisfactory arrangement with the Arabs about their representation in Parliament,

and he replied that this was so, and that the Arabs were now quite satisfied. A new Arab senator had been appointed that day, which had given satisfaction.

Talaat Bey added that I knew that the Government were nowadays very wise and prudent, and that they meant to settle their differences peacefully in future and not by the sword.

I replied that I had reported in that sense to you, and that your recent speech showed that you had confidence in the assurances given to me.

I have, &c.
LOUIS MALLET.

[13854] No. 299.

Sir E. Goschen to Sir Edward Grey.—(*Received March* 30.)

(No. 132.)
Sir, *Berlin, March* 27, 1914.

I DID not fail to carry out the instructions contained in your telegram No. 79 of the 21st instant with regard to the concessions desired by His Majesty's Government in return for the undertaking that no railways should be built which would be in direct competition with the Bagdad Railway between Konia and Basra.

As I had the honour to inform you by telegram, the Secretary of State for Foreign Affairs said that as regards the Mendeli-Kut-el-amara branch line, the Bagdad Railway Company were ready to meet the desire of His Majesty's Government on the condition that the arrangement should for the moment be kept secret, but that as regards the other concession desired by His Majesty's Government, namely, that Lake Beyshehir should be included in the area to be served by the Smyrna–Aidin Company, there was no chance of the company accepting your proposal, as they already thought that they had gone quite far enough in meeting the wishes of the Smyrna–Aidin Railway Company in consenting to their coming to the north-western point of Lake Beyshehir. In discussing the latter point with Herr von Jagow, I pointed out that what was now asked was a very small matter compared to the very large and important concession which His Majesty's Government had shown themselves disposed to make to the Bagdad Railway. Both Herr von Jagow and Herr von Stumm, who was present at our conversation, showed a disposition to minimise the importance of this concession, and to claim that what we regarded as a great concession was really a right held by them as the original holders of the concession of the Bagdad Railway. I replied that I was of course no expert in the Bagdad Railway question, but that it would surprise me very much to learn that the original concession absolutely excluded the building of any lines which might possibly compete with the Bagdad Railway in any part of the country through which it was to run. I might of course be wrong, but the way in which the company had been straining every nerve to obtain the undertaking not to build competing lines seemed to me to preclude the idea either that it was unimportant or that it was already theirs by right.

Herr von Stumm then pointed out that even if this undertaking was a great concession, I must not forget that Germany had made great concessions too, both by giving up their undoubted right of carrying the railway right down to the Persian Gulf, and by allowing two British directors on the board of the Bagdad Railway Company.

After some further discussion as to the size and merits of the concessions made on each side, and after I had gone fully into the arguments put forward by the Smyrna–Aidin Railway in favour of their claims, with no result, I called Herr von Jagow's attention to the fact that you attached great importance to these two concessions, and that you felt that you could not give way upon them without taking back the concessions that you were prepared to make to German interests. Under these circumstances I hoped that his Excellency would do all in his power to persuade the company to fall in with your views; for he would, I am sure, agree with me in thinking that it would be a thousand pities if the chances of coming to a satisfactory agreement were to be wrecked upon a point which was of minor importance compared to questions which had been already practically settled. Herr von Jagow said that he would go into the matter on the following day with Herr Helfferich of the Deutsche Bank, and let me know the result.

His Excellency saw me again after his conversation with Herr Helfferich, and told me that to his great regret the Bagdad Railway Company found it impossible to give way with regard to the inclusion of Lake Beyshehir in the zone of the Smyrna–Aidin

Company. After giving me the reasons why the Bagdad Railway Company refused to entertain the compromise which you had suggested—reasons with which you are no doubt familiar—Herr von Jagow said that he also would consider it a great misfortune if this difference of opinion between the two companies should undo the work that had already been done, and endanger the prospects of an agreement. He attached the greatest possible importance to the agreement, both because of the good effect it would have on public opinion in both countries, and because it would exclude the danger of a clash of interests between the only two Powers who were sincere in their desire that the Ottoman Empire should continue to exist. He confessed that he had no confidence in the sincerity of the other Powers in this respect, certainly not in that of Italy or France, and least of all in that of Russia. In any case, he did not give Turkey more than twenty years of existence, and he feared that even that period would be curtailed unless Great Britain and Germany co-operated heartily together.

I did not fail to point out to him that the views he had just expressed would seem to render it worth while that a strong effort should be made to persuade the Bagdad Railway Company to give way upon the point which he had been discussing, and upon which you felt so strongly, but his Excellency said that he feared that the company was not to be moved from their decision.

I have, &c.
W. E. GOSCHEN.

[14088] No. 300.

Sir L. Mallet to Sir Edward Grey.—(Received March 30.)

(No. 199.)
(Telegraphic.) R. *Constantinople, March 30, 1914.*

YOUR telegram No. 8 of 26th March to His Majesty's consul-general at New York: Syrian oilfields.

Stock has received memorandum of instructions from Anglo-Persian Company to inform Suleiman Nasif that they will take over Syrian *permis* offered to Standard Oil on the terms discussed with Deterding, and that he should on no account close with Standard Oil.

[14088] No. 301.

Sir Edward Grey to Sir L. Mallet.

(No. 170.)
(Telegraphic.) R. *Foreign Office, March 30, 1914.*

YOUR telegram No. 199 of 30th March: Syrian Oil-fields.

Greenway states that offer is from Mr. Deterding on behalf of Turkish Petroleum Company and not Anglo-Persian Company (see article 10 of agreement signed here on 19th March).

[14466] No. 302.

Sir Edward Grey to Sir R. Rodd.

(No. 85.)
Foreign Office, March 30, 1914.

Sir,

THE Italian Ambassador, after acknowledging the goodwill that had been shown on both our side and the Italian side in the negotiations with the Smyrna–Aidin Railway Company, expressed to-day the hope that I would show similar goodwill now that the Turks were making difficulties. The Turks were making difficulties because they did not wish the Italians to leave the Ægean islands. The Turks were now actually saying that one of the lines that the Italian Company wished to have was ridiculous and useless, though it was a line that the Turks had previously suggested should be made by the Smyrna–Aidin Company.

I said that I could not promise to do more than tell Turkey, when the Smyrna–Aidin Company were satisfied, that we no longer had any interest in opposing concessions to Italy. I could not press Turkey to give to Italy concessions that Turkey thought unreasonable.

I am, &c.
E. GREY.

[14092] No. 303.

Memorandum read to Italian Ambassador by Sir E. Crowe on March 30, 1914.

IN a telegram from His Majesty's Ambassador at Rome it is stated that the "Italian Government intend to sign at once" the agreement about the Smyrna–Aidin connection with the Italian lines, and the Italian Ambassador has expressed the hope that "a single sitting of the parties concerned may suffice to complete everything."

The Italian attitude rests upon many false premises and much confusion of thought.

1. No agreement has yet been drawn up, but merely a preliminary document, called "Heads of Agreement," which has simply been initialled.

2. The initialling has been done not by or on behalf of the Governments, but by Signor Nogara, on behalf of the Italian syndicate, and Mr. Single, on behalf of the Smyrna Company.

3. The Heads of Agreement have not yet been approved or disapproved by the German companies, which is a condition precedent to their final acceptance, even by the Smyrna Company, let alone the British Government.

4. It was never suggested that either the British or the Italian Government should sign the Heads of Agreement.

5. Owing to the delay of Signor Nogara in returning to London we have, as the Italian Government were duly informed, been unable to hold up our general negotiations any longer, and therefore last week the Heads of Agreement were communicated to Hakki Pasha and Mouktar Bey. They both say that it is quite impossible for Turkey to agree to give the Smyrna Company guarantees over its existing line in return for a junction with Italian projects.

6. Hakki Pasha and Mouktar Bey also say that some of the Italian projects, which the Smyrna Company are asked to support, are fantastic as railway propositions: thus they say that a line from Adalia to Alaya would serve no useful purpose, as it follows the coast where transport would be cheaper by sea; that there was no trade between Adalia and Alaya; and that such a line would have to cross over countless ravines, which would add enormously to the cost, and that it would serve no hinterland: likewise a line from Makri, a pestilential spot, to Moughla, would be useless, and all that is required is a tramway. It is true that the Smyrna Company is not asked to support the Makri project.

7. His Britannic Majesty's Government have never agreed to confirm this agreement if Turkey objected to it, or to urge its acceptance upon Turkey if it is found to be unreasonable. As for the Smyrna Company, all they have done is to agree *ad referendum* to certain Heads of Agreement now shown to be utterly impracticable.

The upshot of all this is that no useful progress can be made until Signor Nogara has had a detailed discussion with Hakki Pasha and Mouktar Bey. Meanwhile, it would be pure waste of time for discussions to be resumed between Signor Nogara and the Smyrna Company.

Foreign Office, March 30, 1914.

[13592] No. 304.

Foreign Office to India Office.

Sir,
Foreign Office, March 30, 1914.

WITH reference to your letter of the 14th instant regarding disputes on the Haushabi frontier of the Aden protectorate, I am directed by Secretary Sir E. Grey to transmit to you herewith, for the information of the Marquess of Crewe, a copy of a telegram from His Majesty's Ambassador at Constantinople on the same subject.*

I am to enquire whether, in view of this telegram, Lord Crewe still wishes to press without further delay for the joint investigation on the Haushabi frontier, or desires

* No. 285.

that representations be made to the Turkish Government on the subject of Turkish exactions in Nawa in the sense of the letter from the Government of India enclosed in your letter of the 24th instant.

I am, &c.
EYRE A. CROWE.

[14280] No. 305.

Sir L. Mallet to Sir Edward Grey.—(Received March 31.)

(No. 201.)
(Telegraphic.) *Constantinople, March 31, 1914.*

MY telegram No. 194 of 27th March: Bin Saud.
Following from consular officer at Basra, No. 22 :—

"Your telegram No. 20.
"I saw Talib yesterday. What he said tends to confirm your information. He and Sheikh of Koweit are seeking a settlement of claims of Bin Saud, who wants sort of independent chiefship, but refuses Turkish troops. Peaceful solution is expected.
"Officer mentioned in my telegram No. 21 conveyed presents from Minister of War to Bin Saud and Sheikhs of Koweit; he has returned to Basra.
"Bushire informed."

In view of above, propose to take no further action for the present on instructions contained in your telegram No. 164 of 26th March.

[14293] No. 306.

Sir L. Mallet to Sir Edward Grey.—(Received March 31.)

(No. 203.)
(Telegraphic.) *Constantinople, March 31, 1914.*

THE Grand Vizier told me yesterday that Porte would give us Mosul and Bagdad concessions, and had found a means of doing so which would obviate danger of other countries asking for a monopoly for other provinces, such as Russia for eastern vilayets and France for Syrian. Fact of giving to an Anglo-German company a monopoly of Bagdad and Mosul, to be followed by other similar concessions, might arouse great opposition from other countries and lead to similar demands from them, but they had found a solution, and would shortly address to us a written communication.

(Confidential.)
German Ambassador had previously mentioned to me that Grand Vizier was in great difficulty about this, and he proposed to me that in order to get over it concessions should be based on contract made with Anatolian Company in 1904.

I caused his Excellency to be informed that His Majesty's Government considered that this contract had been annulled and that in any case suggestion would not meet difficulty raised by Grand Vizier. I sounded Grand Vizier later on as to whether he had any such idea in his mind, and he immediately said that it was quite out of the question, as contract had been annulled.

[14157] No. 307.

Sir Edward Grey to Sir L. Mallet.

(No. 173.)
(Telegraphic.) *Foreign Office, March 31, 1914.*

GREENWAY has communicated copy of draft concession sent out for submission to Ottoman Government. Article 6 gives the Turkish Petroleum Company monopoly for exploitation of all petroleum deposits in Ottoman Empire.

Mr. Greenway has agreed to insertion of this clause in opposition to the clearly expressed wish of His Majesty's Government, and has been informed that, unless it is cancelled, our support must be withdrawn.

Please inform Mr. Stock.

[14257] No. 308.

Mr. Parker to Herr von Kühlmann.

(Private.)
My dear Kühlmann, *Foreign Office, March 31, 1914.*

I HAVE already spoken to you about the difficulties which are raised by the additional article, proposed in the draft enclosed in Prince Lichnowsky's letter of the 1st February: I am anxious to avoid a formal official correspondence, as I think we may be able to reach agreement more speedily without it, but at the same time, as the subject is so complicated, I think it will be convenient to you to have a written statement from me.

For facility of reference, I enclose a copy of the additional article in its original form.

In our view, the basis of the whole Treaty is that we undertake not to oppose your going as far as Basra, and you agree not to go beyond Basra. Our undertaking is given in clause (*a*) of article I; whereas in clause (*a*) of article III it is agreed that no railway shall be built "from Basra to the Persian Gulf" unless and until there is complete agreement between the Ottoman, British, and German Governments.

There has been a difference of opinion between our two Governments as to one point arising from the last-mentioned clause: we are willing to agree that if the line is ever built there shall be no discrimination in rates, but you wished us to go further (which, for political reasons, we were not willing to do) and agree that there shall be two German directors on the board.

In view of the terms of article III clause (*a*) (which confers on either Government the power of vetoing the line altogether), the settlement of this difference did not appear to be of immediate importance. Now, however, you have proposed an additional article which, if adopted as it stands, would bind the British Government, owing to circumstances wholly beyond their control, to agree to a line being built from Basra to some point nearer, and possibly on, the Persian Gulf, and, if the line were built, to agree that there should be German participation in the capital and German representation on the board.

Against this article I perceive a formidable array of objections :—

In the first place, though this is a point which does not concern my Government and merely arouses my personal curiosity, I am at a loss to appreciate why the German Government, who have accepted Basra as the most natural and suitable commercial terminus for the Bagdad Railway, should, by inserting this article in the Treaty, indicate to the public that in fact they are not quite confident that the decision to make Basra the terminus is prudent or wholly defensible; thus, while the article would undoubtedly prove a thorn in the flesh for us, I fear that it would be rather a crumpled leaf in your own bed of roses.

In the second place, it would be argued in Parliament here, and to my mind could not be successfully controverted, that we had, by agreeing to the additional article, rendered insecure and therefore nugatory all the advantages conferred upon us by article III clause (*a*) and by article II clause (*a*) (copies enclosed); for what is it we are asked to do?

To agree to the construction of a line, with an inevitable German participation but without any express stipulation for British control or even participation, to a point which might conceivably have to be settled by arbitration over our heads, and result in the sacrifice of those very interests, to protect which we were originally induced to negotiate this Treaty.

And, if the additional article were adopted, what would be the *casus fœderis* in which the line would have to be built?

The article provides that if within a *reasonable* [uncertainty number 1] time, the Shatt-el-Arab cannot be brought into and maintained in a *satisfactory* [uncertainty number 2] state of conservancy, the British Government shall *agree* [uncertainty number 3, as, while our assent to the project is secured, no proviso as to British control is made] to the construction of a line from Basra to a *point affording free and easy access* [uncertainty number 4] to *ocean-going vessels* [uncertainty number 5, as such vessels may in future include an "Imperator" or a "Super-Imperator"].

PUBLIC RECORD OFFICE, LONDON

If the article is to be inserted at all, it is absolutely indispensable that British predominance should be secured *expressis verbis* therein; if you desire the article for Parliamentary reasons in Germany, we desire this qualification added for similar reasons here; and no exchange of secret notes respecting the qualification would serve our purpose. For we must be able to satisfy Parliament that this extension will be as indisputably "British" as the Bagdad Railway is indisputably "German."

We should of course infinitely prefer to omit the article altogether, but if, on further consideration, your Government really considers it necessary to provide for the eventuality of Basra not remaining, as it has done now for over 2,000 years, open to ships from the sea, then I should be ready to submit to Sir E. Grey a clause to the following effect. I cannot say that I feel confident he would accept it; in any case I am certain that he would not go beyond it:

"Should the port of Basra, owing to some unforeseen physical cause, be rendered inaccessible to ocean-going vessels, or should serious and insuperable obstacles arise to the navigation of the Shatt-el-Arab up to the said port, His Britannic Majesty's Government declare that they would, in accordance with article 10 of the Anglo-Turkish Convention of . . . . . , take steps to promote the construction of a line from Basra to some point nearer the sea, affording free and easy access to such vessels, provided that in the Company controlling the line, British participation in the capital, and British directors on the board, clearly and permanently predominate.

"In such a contingency, adequate arrangements would be made to ensure to the Bagdad Railway Company traffic facilities, and to obviate any sort of discrimination in the transport of passengers or goods; and His Britannic Majesty's Government would not oppose German capital participating in the line, and its representation on the board thereof. The proportion of German directors would not exceed the proportion of the British directors specified in article I, clause (*b*), of the present Convention."

If an article is really desired, I sincerely hope that you will at least recommend this wording to your Government. If they and His Majesty's Government were to agree to it, and if the few remaining points already discussed are settled, I cannot see why the whole Treaty should not be initialled by us *ad referendum* very shortly. It would be a great advantage if this could be done.

Yours sincerely,
ALWYN PARKER.

Enclosure 1 in No. 308.

Additional Article.

SHOULD the Shatt-el-Arab, after a reasonable time, not have been brought into a satisfactory state of conservancy assuring sea-going vessels of free and easy access to the port of Basra, or should this state of conservancy not be maintained, His Britannic Majesty's Government declare that they will agree to the construction of a branch from Basra (Zobeir) to the next point allowing a free and easy access to sea-going vessels.

In this case His Britannic Majesty's Government will not oppose German capital participating in this branch line and its being represented on the board of this line under exactly the same conditions and in the same proportion as British capital shall be represented on the board of the Bagdad Railway.

Enclosure 2 in No. 308.

ARTICLE 2. Clause (*a*).

THE Bagdad Railway Company having concluded with the Imperial Ottoman Government an arrangement on the following basis, the Imperial German Government and His Britannic Majesty's Government declare, so far as concerns themselves, that they adhere to the said arrangement, and will use their best endeavours to secure its due execution:—

(i.) The terminus of the Bagdad Railway Company's line shall be at Basra, and the Bagdad Railway Company has renounced all claims to

construct a branch line from Basra (Zobeir) to the Persian Gulf, referred to in article 1 of the Bagdad Railway Convention of the 5th March, 1903, and to build a port or railway terminus on the Persian Gulf, under article 23 of the said Bagdad Railway Convention.

Enclosure 3 in No. 308.

ARTICLE 3. Clause (*a*).

THE Imperial German Government and His Britannic Majesty's Government declare that they will in no case support the construction of a branch from Basra (Zobeir), or from any point of the main line of the Bagdad Railway, to the Persian Gulf unless and until there is complete agreement on the subject between the Imperial Ottoman Government, His Britannic Majesty's Government, and the Imperial German Government.

Enclosure 4 in No. 308.

Draft Anglo-Turkish Convention.

ARTICLE 10.

AUCUN prolongement de voie ferrée au delà de Basra vers la mer ne pourra avoir lieu qu'après accord préalable entre le Gouvernement de Sa Majesté britannique et le Gouvernement Impérial ottoman et dans les conditions agréées par eux.

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PUBLIC RECORD OFFICE, LONDON